UNITED NATIONS

Economic Bulletin for Africa

ADDIS ABABA, ETHIOPIA
January 1962
Vol. II. No. 1

This third regular issue of the Economic Bulletin for Africa contains a review of current economic developments in Africa, and two separate articles on specific subjects. Owing to certain technical difficulties connected with the printing of a large number of tables, the Secretariat has decided to publish the Statistical Appendix separately.

The Secretariat of the Commission assumes full responsibility for the contents.

EXPLANATORY NOTES

The designations employed and the presentation of the material in this Bulletin do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the delimination of the frontiers of any country or territory.

The following symbols have been used thoughout this Bulletin:

... = not available or not pertinent;

— = nil or negligible;

* = estimate by the Secretariat of the Economic Commission for Africa.

In referring to combinations of years, the use of an oblique stroke — e.g. 1958/59 — signifies a twelve-month period (say from 1 July 1958 to 30 June 1959). The use of a hyphen — e.g. 1954 - 1958 — normally signifies either an average of, or a total for, the full period of calendar years covered (including the end years indicated).

Unless the contrary is stated, the standard unit of weight used throughout is the metric ton. The definition of "billion" used throughout is one thousand million. Minor discrepancies in totals and percentages are due to rounding.

Price of Vol. II No. 1, of the Economic Bulletin for Africa
$ U.S. 0.75; 5/— sterling; Sw. fr.: 3.00
(or equivalent in other currencies)

Available against local currencies from all distributors for United Nations publications (see list on back cover). Standing orders can be placed with all distributors and with:

Sales Section, European Office of the United Nations
GENEVA, Switzerland

or

Sales & Circulation Section, United Natic
NEW YORK, U.S.A.

ECONOMIC BULLETIN FOR AFRICA

Published by the
Secretariat of the
ECONOMIC COMMISSION FOR AFRICA

Vol. II, No. 1, January 1962.

UNITED NATIONS

TABLE OF CONTENTS

E/CN. 14/125

UNITED NATIONS PUBLICATION

Sales No.: 62. II. K. 1

Price: $ U.S. 0.75; 5/— Stg.; Sw. Fr. 3.—
(or equivalent in other currencies)

Chapter A. I

WORLD ECONOMIC CONDITIONS

Economic conditions in 1960 were less uniform than in the preceding year. The economic boom that developed in the course of 1959 continued throughout 1960 in most industrial countries with the exception of North America where a reversal in the course of economic activity took place around the middle of the year. The rates of growth recorded between 1959 and 1960 in western Europe and Japan were higher than those in the preceding period, although in many west-European countries a slackening in the pace of economic expansion became noticeable in the second half of 1960. The slowing down of the short-lived expansion in North America, which had started relatively early in the year, gradually gave place to more or less pronounced recessionary movements in various sectors of the economies of the United States and Canada. The two North American countries attained new record levels of total output, but their combined rate of growth between 1959 and 1960 was less than half that of a year earlier. Owing to the reduced rate of economic advance in that part of the world the over-all rate of growth of the industrial countries between 1959 and 1960 was also lower than between 1958 and 1959.

TABLE A.I. 1.

Industrial Countries: Gross National Product

(Indices at constant prices; 1957=100)

Year	Industrial Countries[a]	North America	Western Europe
1958	100	99	102
1959	106	105	106
1960	110	108	113

Source: World Economic Survey 1960.

[a] Total for industrial countries includes Japan for which data refer to fiscal years beginning in April.

In the USSR and the centrally-planned economies of eastern Europe, economic expansion continued on a high level throughout 1960, although at a somewhat slower pace as compared with 1959. Increases in industrial production ranged from 8 per cent in East Germany to 17 per cent in Poland, giving an average rate of about 10 per cent for the group as a whole. On the other hand agriculture contributed but little to the expansion, with the exception of Czechoslovakia and Poland, where gross agricultural output rose by 7 per cent and 5 per cent respectively.

For the primary exporting countries 1960 was on the whole a moderately favourable year, although their position within the world economy remained basically as weak as ever. Despite the decline in economic activity in North America, the combined export earnings of the primary exporting countries between 1959 and 1960 expanded further, while their total imports recorded an impressive rise. The latter was mainly a result of increased foreign exchange earnings accumulated in the course of 1959, but it nevertheless reflected a quicker pace of economic activity and, in particular, greater emphasis on economic development. However, the more rapid rise in imports than in exports was the cause of a serious deterioration in the combined balance of trade of the primary exporting countries.

a) *Recent trends in industrial countries*

The recession in the United States, which in the latter part of 1960 was becoming a matter of international concern, proved to be the shortest and mildest one in the post-war period. Between the second quarter of 1960 and the first quarter of 1961 business activity slackened, leading to a decline in the gross national product of something over 2 per cent. However, the recovery started early in the spring of 1961 and already in the second quarter the gross national product was somewhat higher than it had been before the downturn.

As is now clear the immediate cause of the downturn in 1960 was a sharp decline in the rate of inventory accumulation, although a number of factors combined to reverse the rising trend in production and employment. The ending of the steel strike in November 1959 had brought an upsurge in economic activity. Steel users rushed to rebuild depleted inventories, and demand for automobiles and other durables, which had accumulated during the strike, led to widespread expectations of a vigorous boom. The index of industrial production, which was at 102.6 in November 1959 (1957=100), rose to 111 in January, and all the other economic indicators pushed in the same direction. However, as 1960 progress-

1 *

ed and as stocks approached or exceeded appropriate levels, the high rate of inventory accumulation declined and finally became negative in the third quarter. But gains in final demand from increased expenditure on fixed investment and personal consumption, as well as from the export balance, outweighed the decline in inventory accumulation, so that the gross national product of the United States continued to advance in the second quarter of 1960, although at a perceptibly reduced rate in comparison with the first quarter of the year. By mid-1960 the advance in consumer expenditure came to a halt. Expenditure on plant and equipment began to decline, while inventories continued to play a contracting role. These negative factors, including the decline in housing activities that had already started in 1959, combined to determine the general trend in the second half of the year, despite a further rise in exports and government expenditure.

The upswing in the spring and summer of 1961 was largely a result of the change-over from a considerable liquidation of stocks to an actual increase, but partly also of a renewed increase in personal consumption. Public expenditure and residential construction also expanded, while private expenditure on plant and equipment scarcely changed. The export surplus of the United States, although still very high, declined somewhat between the first and the second quarter of 1961. However, in spite of the recovery in aggregate demand and production the situation in the labour market has not greatly improved. In manufacturing, where production in July exceeded the previous top level of January 1960, both the number of persons employed and the average length of the working week have increased steadily since the winter, but total unemployment remained unusually high. According to the latest information available, despite a slight improvement, the seasonally adjusted unemployment rate in September was only slightly below 7 per cent.

In western Europe total gross output between 1959 and 1960 rose by 6.4 per cent, compared to an increase of 4.4 per cent in the preceding interval. Expansion was fastest in the Netherlands, closely followed by Austria, Western Germany and Finland. The overall rates of growth in the United Kingdom and France were below the average for the area but well above those recorded a year earlier.

In most west-European countries the rise in total output attained a peak in the early part of 1960. During the rest of 1960 output continued to advance but, generally, at a slower pace; in a number of countries, however, rates of expansion tended to stabilize towards the end of the year. The main factors sustaining the expansion in 1960 were fixed investment, especially in machinery and equipment, and private consumption. While gross domestic fixed investment rose by 10 per cent, private consumption increased somewhat less than the combined gross national output of the area, but the rise accelerated towards the end of the year. The rise in exports, on the other hand, after greatly contributing to the expansion in 1959 and the early months of 1960, levelled off after the first quarter of the year. This was mainly the result of a significant slackening in overseas demand for west-European goods — in particular in the United States — but partly also of the supply difficulties experienced by some industries. The building up of stocks of intermediate products and finished goods, which also played a major role in 1959, became less important as an expansionary factor in the course of 1960.

With the exception of coal and shipbuilding, which continued to be depressed in spite of the general boom, all major industries participated in the expansion. Output of chemicals continued to grow at a very high rate — nearly 15 per cent above the 1959 level. The metal-using industries increased their production by some 10 per cent, in response to rapidly-growing investment demand and, in most countries, to higher demand for consumer's durables. The output of the textile industries, which had started to recover in the second quarter of 1959, after the severe setback in 1958, was also well above the 1959 level; but owing to the weakening of export demand and keener competition from imports, the rate of expansion of textiles slowed considerably in the second half of the year.

The high level of industrial activity in western Europe, especially in the first half of the year, was accompanied by an unprecedented expansion in import demand. This, together with a rise in Japanese imports, gave a vigorous impetus to the trade of the industrial countries despite the downturn of demand in North America. The decline in North American imports of somewhat over an average of 3 per cent for the year affected more than proportionately imports from western Europe; but owing to the buoyancy of import demand for Japanese goods the total decline in North American imports from industrial countries was probably not greater than 3 per cent. The combined volume of the industrial countries imports, which after the standstill between 1957 and 1958 had risen by 12 per cent over the sbusequent period, registered between 1959 and 1960 a further advance of the same order of magnitude. And, since the import unit value for the industrial countries between 1959 and 1960 remained virtually unchanged the value of imports for the whole group also rose by about 12 per cent, attaining a record level of somewhat over US$ 82 billion

The picture on the export side was somewhat different; but the rate of increase of the combined exports of industrial countries was the highest recorded for any single year since the beginning of the 1950's. The accelerated rise of import demand in western Europe and Japan gave a spurt to exports from North America, which increased by 15 per cent, or US$ 3.2 billion. Expansion of exports from western Europe slackened considerably during the year, owing largely to the falling North American demand, but the total for the year was 14 per cent, or some

TABLE A.I. 2.

Western Europe's trade by areas of origin and destination, 1959 *to first half of* 1961

Percentage changes from corresponding period of previous year

Area of origin & destination	Imports c.i.f. 1959	Imports c.i.f. 1960	Imports c.i.f. 1960 First half	Imports c.i.f. 1960 Second half	Imports c.i.f. 1961 First half[a]	Exports f.o.b. 1959	Exports f.o.b. 1960	Exports f.o.b. 1960 First half	Exports f.o.b. 1960 Second half	Exports f.o.b. 1961 First half[a]
Total	+ 6	+18	+22	+15	+ 6	+ 8	+14	+20	+ 9	+ 5
Western Europe	+11	+19	+24	+15	+10	+11	+20	+25	+16	+11
Rest of world	+ 1	+18	+20	+16	+ 2	+ 6	+ 8	+15	+ 1	− 3
of which:										
North America	− 5	+45	+41	+40	+ 8	+31	− 5	+ 6	−14	−17
Eastern Europe and Soviet Union	+15	+17	+17	+18	+ 8	+ 9	+28	+39	+19	+12
Japan	+15	+33	+30	+37	+18	+30	+15	+ 9	+22	+28
Primary-exporting areas[b]	+ 2	+ 8	+12	+ 4	− 1	− 3	+11	+16	+ 5	− 1

Source: Economic Bulletin for Europe, Vol. 13 No. 1.

[a] Based on monthly averages of trade of individual western European countries covering in most cases three or four months.

[b] All other areas, including mainland China and other Asian members of the eastern trade area.

US $ 6 billion, above the 1959 level. These advances, together with a substantial rise in exports from Japan, added up to an increase of US $ 10 billion, bringing the combined exports from industrial countries up to a total of about US $ 79 billion.

Contrasted with 1959, the exports of the industrial areas rose faster than total world trade during 1960, and their share in total world exports rose from 61 to 63 per cent. Moreover, trade between the industrial countries increased faster than their trade with other parts of the world. According to the GATT Annual Report, the former was some 16 per cent higher in 1960 than in 1959, owing mainly to increases in trade within western Europe and higher exports from North America to western Europe, while trade with the non-industrial areas grew by a considerably smaller percentage.

From the viewpoint of world trade it is relevant to note that import demand in industrial countries rose substantially faster during the last two years of economic expansion than in the corresponding period of the previous upswing. The contribution of imports towards meeting the rise in domestic demand in both 1959 and 1960 was indeed substantially higher than in either 1956 or 1957, a fact which can be easily checked by comparing the corresponding ratios of increments in imports with those in total domestic demand in the countries concerned. As is shown in the 1960 World Economic Survey, during the upswing which had preceded the 1957-58 recession, the ratios of increments in imports to those in total domestic demand[1] both between 1955 and 1956 and between 1956 and 1957, were not higher than 0.29, while in two consecutive periods following the 1958 setback they were 0.45 and 0.48 respectively. However, this encouraging tendency loses some of its meaning if considered from the viewpoint of primary exporting countries, since the greater buoyancy of total import demand was mainly the result of higher demand for manufactures.

The recent evolution of import coefficients (i.e. imports as percentages of gross national product) in western Europe clearly shows the increasing relative importance of manufactures. Between 1958 and 1960 import coefficients for capital goods and "other manufactures" rose by some 20 and 28 per cent respectively; the import coefficient for industrial materials increased considerably less — by about 16 per cent — while that for food was even somewhat lower in 1960 than at the beginning of the period. However, it should be borne in mind that the import coefficients for industrial materials — which also include metals and fuels — and food have been computed on the basis of total west-European imports of these categories, so that they do not tell the whole story of the decreasing role of imports from the primary exporting countries.

Data on recent movements in the value of west-European trade, published by the Economic Commission for Europe,[2] give some valuable material for appraising the relative impact of the 1960 economic expansion in this area on its trade with each of the major trading areas of the world. The exceptionally high increase in west-European imports between 1959 and 1960 — of about 18 per cent — was accounted for by an approximately proportionate increase in imports from the area and from the rest of the world. A breakdown of the latter component

[1] Total domestic demand is equal to the sum of personal consumption, public consumption and gross capital formation in constant prices.

[2] Economic Bulletin for Europe, Vol. 13. No. 1.

shows, however, that while western Europe's imports from the two industrial areas, North America and Japan, registered tremendous increases — of 45 per cent and 33 per cent respectively — imports from the primary exporting countries rose by only 8 per cent. This slower increase in imports from the primary exporting countries was chiefly attributable to the fact that western Europe's import expansion during the year was increasingly concentrated on manufactured goods. But some other factors also contributed: first, the industrial countries' increased share in total west-European imports of crude materials, secondly, the declining share of the less-developed regions in total west-European imports of most of these commodities of which they are the principal suppliers — e.g. rubber, textile fibres and oil-seeds. The table below also shows that the slackening of the rate of economic expansion in the latter part of 1960 affected almost exclusively imports from the primary exporting countries and that, according to preliminary data, in the early month of 1961 these imports fell below the relatively high level reached in the corresponding months of 1960.

Developments on the export side were somewhat different. Owing to the negative effect of the North American recession, west-European exports to that part of the world declined in 1960 by some 5 per cent in comparison with the 1959 level. However, leaving North America aside, the increase in west-European exports to the primary exporting countries was considerably below the advances recorded in exports to the centrally-planned countries of eastern Europe and Japan. Besides, as in the case of imports, the expansion in exports to the less-developed regions slackened between the first and the second half of 1960, and in the early months of 1961 the level of exports was below that recorded a year earlier.

As regards trade within western Europe, that among the EEC countries continued to be the most dynamic component. The relative share of EEC imports in total exports from the aera rose from 31.6 per cent in 1958 to 35.2 in 1960, while the relative share of imports of the EFTA group in their total exports registered a small decline in the same period. The same tendency may be observed in the respective shares of imports of the two areas in the total exports of western Europe. It would, of course, be somewhat premature to draw definite conclusions from these diverging trends as to the effects of the implementation of the Rome Treaty on trade between the EEC countries and trade in general within western Europe. In so brief a period various random factors might have exerted their influence and, besides, the traditionally closer ties among the EEC countries as well as the faster rate of their economic growth must have played an important role in the more rapid development of exchanges within the area. On the other hand, it can scarcely be doubted that the prospects of integration among the "Six", leading to a large potential market, have had a strong psychological impact on the entreprenuers in the area. This, indeed, together with a freer circulation of capital within the area and a heavy inflow of United States capital, seems largely to explain the intensive investment activity over he last two years. Viewed in this light, the high rate of growth of the EEC countries, which chiefly accounted for the rapid increase of their intra-trade, cannot be entirely divorced from the anticipated effects of the Rome Treaty.

The evolution of the trade balances of industrial countries during 1960 mainly reflected differences in the phasing of the cycle between western Europe and North America. In western Europe, where imports rose rapidly throughout the year, the trade balance deteriorated progressively as the expansion of exports slackened. For 1960 as a whole, the import balance was US $ 2.3 billion larger than in 1959.

This tendency towards deterioration of trade balances was present in most west-European countries, with the exception of Belgium and France, which even recorded some improvement. However, apart from Italy and the United Kingdom, which together accounted for about two-thirds of the increase in the import balance of western Europe, the deterioration was in most countries quite moderate and created no significant payments difficulties. In fact, owing to a favourable shift in the capital balance the official gold and foreign exchange reserves of western Europe increased considerably. In spite of the increase in the merchandise import surplus, the accumulation of reserves was US $ 2.5 billion higher than in 1959, so that the shift in the capital balance in favour of western Europe appears to have been of the order of US $ 4.8 billion.

In contrast to developments in western Europe, the export drive in North America, coupled with a decline in imports led to an improvement in the region's balance of trade of US $ 3.8 billion, 3.6 billion of which was accounted for by the United States balance. At the same time, however, the outflow from the United States on capital account, together with the shift in the balance of unrecorded transactions (short-term capital and errors and omissions), increased by US $ 3.8 billion. The bulk of the capital outflow from the United States and of the capital inflow into western Europe consisted of short-term funds attracted by higher short-term interest rates in west-European countries and, to some extent, by speculation on a possible readjustment of exchange rates. The principal recipients of these funds were the Federal Republic of Germany and the United Kingdom, and, to a lesser extent, the Netherlands and Switzerland.

As already stated, the combined exports of the industrial areas rose faster than total world trade during 1960. On the other hand, their imports grew more or less at the same rate as total world trade. This difference in the rate of growth in exports and imports led to a substantial improvement in the trade balance of the industrial areas vis-à-vis the rest of the world.

(b) *Recent trends in primary exporting countries*

Developments in primary exporting countries in 1960, particularly in the field of external trade, were to a large extent the reverse of those that had taken place a year earlier. Broadly speaking, as far as concerns the trade of the primary exporting countries, the year 1959 was mainly characterized by: (a) a vigorous expansion in exports in volume terms accompanied by a more moderate rise in export earnings of the primary exporting countries; (b) a weak demand for imports, chiefly as a delayed effect of the decline in export earnings during the recession-stricken year 1958, so that the total imports of the primary exporting countries in both volume and value terms fell short of the 1958 level; and, as a result of (a) and (b), a substantial improvement in the combined balance of trade of the countries in question.

In contrast to this, one of the main features of the 1960 developments was an upsurge of import demand, largely due to an almost general rise in domestic expenditure and to increased export earnings in the preceding year. The total exports of the primary exporting countries expanded further between 1959 and 1960, but as imports advanced at a much higher rate, the improvement in their combined balance of trade, recorded in the preceding period gave place to a dramatic deterioration.

As in earlier years, the levels of exports and export proceeds of the primary exporting countries were determined in the aggregate by the situation on the world commodity markets. There, however, significant changes took place during 1960, so that a comparison between 1960 and 1959 on the yearly basis does not tell the whole story.

The high rates of expansion in industrial countries in the latter part of 1959 and early months of 1960 gave a strong impulse to trade in and consumption of primary commodities. But, with the slackening of economic activity in North America the favourable conditions in other parts of the world were not sufficient to maintain the recovery in primary commodity prices that had begun around the middle of 1959. Moreover, as indicated in the preceding section, in the second half of 1960 the rates of expansion of primary imports in western Europe also declined, despite a high rate of expansion in total imports. All these factors, of course, unfavourably affected demand and primary commodity prices. In the first quarter of 1960 the price index for primary commodities moving in international trade was almost 3 per cent above the figure recorded a year earlier. But by the third quarter it was back again to the corresponding 1959 level, and a slight decline took place again in the last quarter of the year. So, while the average index of primary commodity prices for 1960 as a whole did not show any significant changes from the average 1959 level, its course from the second quarter of the year onwards was clearly a declining one. The unit value of exports from the primary exporting countries was following a similar path. Compared with the 1959 average, the average unit value in 1960 remained virtually unchanged. But the slight gain recorded between mid-1959 and the second quarter of 1960 was lost in the second half of the year.

The general impression gained from the behaviour of the prices of the main primary commodities in the expansion following the 1957/58 recession is rather disturbing. It appears clear that the rise in demand generated by the high rates of industrial activity was not sufficient to absorb the current output of primary commodities, and much less so the output which would have been available if existing capacity had been fully utilized. The rise in primary commodity prices induced by the recovery and expansion in industrial countries was, on the whole, short-lived and feeble. Even at the peak of the industrial boom of 1959-60, the only two commodities showing shortages in spot-supply were jute and — to a lesser extent — rubber. In practically all other cases, market conditions were mostly influenced by the size of surpluses and by restraints on production or exports.

Between 1959 and 1960 the aggregate volume of exports from the primary exporting countries recorded an increase of about 5-6 per cent, or, at least one third less than the rate attained in the preceding interval. On the other hand, since the average unit value of exports remained relatively stable, the rise in exports in value terms was approximately the same as that in volume terms, and somewhat higher than the increase in value recorded in 1959. Between 1958 and 1959, owing to a decline in unit value, the advance of exports in value terms fell short of the corresponding increase in volume.

The decline in the rate of increase of the combined exports from the primary exporting countries did not affect equally all the primary exporting regions of the world. The decline was sharpest in Oceania, where the export quantum index came virtually to a standstill, and next sharpest in Latin America. Africa and southern and south-eastern Asia succeeded in expanding the volume of their exports quite significantly, but the actual increase in both cases was smaller than over the preceding period. However, as will be shown in the following chapter, export earnings of Africa increased considerably more in 1960 than in 1959.

Southern and south-eastern Asia was the only region where a rise in the unit value of exports had been recorded. In Africa and the Middle East average unit values in 1960 were roughly the same as in the preceding year, or some 8 per cent below the 1957 pre-recession level. In Latin America and Oceania the marked recovery that had taken place in 1959 was not sustained in 1960: compared with 1957, the 1960 average in both regions was probably somewhat lower than in Africa.

The largest absolute increase in the value of exports, was recorded in sothern and south-eastern Asia. Well over half this increase was accounted for by the expansion in exports to the primary exporting countries, mainly those within the region. The bulk of the increase in the export earnings of Africa came from increased shipments to western Europe; but some of the gain from this increase was offset by the reduction in purchases by North America. Substantial proportionate increases were recorded in African exports to Japan and southern and south-eastern Asia — the latter mainly due to purchases by India of copper from Northern Rhodesia and cotton from East Africa. The largest expansion in relative terms was in exports to the centrally-planned economies of USSR and eastern Europe, as a result of increased sales of copper from the Federation of Rhodesia and Nyasaland, cocoa from Ghana and wool from the Union of South Africa. However, the relative share of the centrally-planned countries in total purchases from African countries still remained very low in 1960. Intra-African trade also recorded an advance over the previous year, but, as in Latin America, intra-regional trade probably did not account for more than 10 per cent of the region's total exports.

To sum up all that has been said above, it appears that the expansion in the trade of the primary exporting countries between 1959 and 1960 was geographically quite widely distributed. True enough, the bulk of the increase was absorbed by western Europe; but substantial proportionate increases were recorded in trade with the centrally-planned economies, Japan and — which seems particularly important — in the intra-trade of the primary exporting countries. The only reduction was registered in trade with the Western Hemisphere, owing mainly to lower imports by North America but partly also to a contraction in trade among the Latin-American countries. However, the directional pattern of total exports from the primary exporting countries did not undergo any noticeable change. Notwithstanding the lag in North American demand and the considerable expansion in trade among the primary exporting countries themselves, industrial countries again absorbed the bulk (about 70 per cent of their total exports). The relative share of the primary exporting countries amounted to some 25 per cent of the total, while exports to the centrally-planned economies remained in the neighbourhood of 5 per cent.

Raw materials, excluding metals, were the main components of the increase in exports from the primary exporting countries. After a sharp decline during the 1957-58 recession, and a partial recovery in 1959, earnings from this category reached a new peak in 1960, exceeding by some 7 per cent the highest pre-recession figure (1956). An even higher proportionate rise was registered in exports of metals and manufactures — mostly textiles — while exports of fuels showed a very modest advance and those of food declined by about 4 per cent. The most serious decline in food exports occured in the Middle East; but exports from Africa and Oceania also suffered a severe reduction.

While export earnings of the primary exporting countries between 1959 and 1960 advanced at a moderate rate, their imports — reflecting largely the usual time lag between changes in export earnings and those in expenditure on imports — registered an impressive rise. The declining trend in import demand which followed the 1957-58 recession came to a halt in the first quarter of 1959; then, after a short recovery, a steep rise began around the middle of the year and continued throughout 1960. Total imports from the industrial countries rose by 12 per cent and those from the centrally-planned economies increased by a somewhat higher percentage. With the exception of fuels, which hardly showed any advance, all the major categories participated in the expansion — notably raw materials and capital goods.

Changes in African imports were mainly characterized by a slight increase in imports of foodstuffs and a sharp rise in raw materials and manufactures, while imports of fuels remained virtually unchanged. In comparison with the other primary exporting regions, the composition of the increase in African imports showed the highest degree of concentration on capital goods, which accounted for well over 60 per cent of the total increment. The bulk of the expansion in African imports came from western Europe; but the largest relative increase was recorded in plant and equipment, other than ships, from Japan.

The expansion of imports was one of the most significant developments in the primary exporting countries in 1960. As an indicator of enhanced economic activity, and particularly as a reflection of increased efforts aimed at speeding up economic development, this should be seen as an encouraging feature. In that respect the year 1960 witnessed more progress than 1959, when most countries belonging to the group were obliged to reduce their import levels mainly by cutting down imports of capital goods. On the other hand, the sharp rise in imports, together with a smaller increase in exports, again brought to the fore the precarious positin of the primary exporting countries. According to the World Economic Survey, between 1959 and 1960, the total export earnings of the primary exporting countries rose by somewhat over US $ 1.6 billion, while their combined expenditure on imports (c. i. f.) rose by about twice that amount. This gave place to a net increase in the combined trade gap from about US $ 2.6 billion to about US $ 4.3 billion. Once again the primary exporting countries were faced with the crucial problem of international payments.

The total flow of long-term capital from the industrial countries to the primary exporting countries

does not appear to have changed much between 1959 and 1960, and it fell short of meeting the increased needs for external payments. The public component continued to run at a relatively high rate, but the flow of private capital was negatively influenced by various economic and political factors. First of all, as in 1959, the boom conditions in western Europe and Japan continued to exert their attractive power on long-term private capital, while the primary exporting countries, with the uncertain prospects of most primary commodity markets and the existence of idle capacity in many sectors of primary commodity production, had but little to offer the potential investor. Moreover, in a number of cases — like Congo (Leopoldville), Cuba, the Union of South Africa, and to a lesser degree the Federation of Rhodesia and Nyasaland, Kenya and some Latin American republics — political uncertainties also affected the flow of foreign private capital. In some of the countries mentioned the negative influence of political factors gave birth to an outright flight of domestic and foreign capital.

The total flow of public and private capital accruing to the primary exporting countries, including the contributions by the various international institutions, fell short of their actual financial needs. The substantial increase in short-term debt and — in a few cases — recourse to the IMF, tended to ease the pressure on the external balances of the countries in question. But this nevertheless remained very strong especially so since the upsurge in expenditure on imports combined in many cases with increased amounts of profits transferred and also, in some countries at least, with flights of domestic and foreign capital. In order to meet their current international obligations, most of the countries had to draw on their reserves. Thus, the decline in reserves during 1957 and 1958, which had been reversed in 1959, resumed once again in 1960.

(c) *Short-term outlook*

As it appears from recent experience, a simultaneous and sustained expansion in the main industrial areas is needed in order to produce a significant impact on exports from primary exporting countries and on primary commodity markets. This condition was not fulfilled in the course of the last two years, since the North American expansion, which had started almost simultaneously with those in western Europe and Japan, came to an end by mid-1960. With a declining economic activity in North America, the high rates of expansion in western Europe and Japan were not sufficient to maintain the rate of expansion in the volume exports from the primary exporting countries recorded in 1959 nor the rise in primary commodity prices which got under way in the second half o f1959.

By mid-1961 the world economic situation was looking more promising in so far as conditions in the main industrial areas had become rather more uniform. As already stated, the economy of the United States started moving upwards in the second quarter of the year, while satisfactory conditions continued in western Europe and Japan.

No major changes have occured in western Europe during recent months. Total industrial production continued to rise although more slowly than at the turn of the year. The slow-down seems to be particularly evident in west Germany and the Scandinavian countries, where labour shortages appear to be the chief factor in holding back production increases, but in west Germany some slackening in demand has been felt of late. In France production remained unchanged until spring due to a weaker demand there than in other west European countries, but since then a mildly rising trend has been noticeable. Increases in industrial output have been noted in the Netherlands, Italy, Belgium and, to a certain extent, in the United Kingdom.

Looking at western Europe as a whole it seems fairly certain that the average rate of industrial expansion in 1961 will fall short of that recorded in 1960. According to a recent forecast by the Secretariat of the Economic Commission for Europe, the 9 per cent rise in western European industrial output recorded in 1960 is unlikely to be repeated in 1960, and a somewhat smaller increase of some 5-6 per cent seems more within the limits of possibility. The latest report by the Commission of the EEC also points to a slackening in the pace of industrial activity during the second quarter of this year. Mainly as a result of a slowing down in industrial expansion in west Germany, the combined industrial output of the six EEC countries in the second quarter showed an increase of only 6.5 per cent over the corresponding quarter of 1960. In the first quarter of 1961 the increase over the first quarter of the preceding year was 8 per cent, while the yearly rise between 1959 and 1960 was as high as 11 per cent. The report considers that no important changes are likely to take place in the following months, and that a rise in the combined national product of about 5 per cent, with industrial production increasing by 6-7 per cent, may be expected with great confidence as the end-result of the year 1961.

These figures, of course, seem quite satisfactory from the viewpoint of full employment objectives in west-European countries. They also seem to be sufficent as to ensure a further significant increase in the area's intra-trade as well as in imports from other industrial areas. However, as noted in the first section of this chapter, the slight decline in the rate of economic expansion in western Europe between the first and the second half of 1960 did affect quite substantially the rate of imports from primary exporting countries, while the expansion in imports

from industrial areas continued at an undiminished rate. According to the Twelvth Annual Report of the OEEC, there is not much hope that an increase in stock might influence imports from the primary exporting countries, since the rate of accumulation of stocks in 1961 is expected to be considerably lower than in 1960. But even if this forecast turns out not to be entirely correct, it should be borne in mind that contrary to the situation in North America, changes in inventories in western Europe seldom assume dramatic proportions, and the rate of imports usually seems to be fairly closely correlated with the rate of industrial production. It would seem therefore that with the slower pace of industrial activity in western Europe, primary exporting countries have but little chance in 1961 to expand their exports to that part of the world at the same rate as in 1960. In fact, as will be said at the end of this section, agricultural imports in some of the major countries in western Europe in the first half of 1961 declined from the levels of a year earlier.

With the slowing down in the rate of economic activity in western Europe, the North American expansion should really be a vigorous one, as well as of an adequate duration, in order to counteract any adverse impact on exports from the primary exporting countries and, in particular, on primary commodity prices. The official and semi-official forecasts in the United States are rather confident in this respect. The general opinion seems to be that the expansion will gather momentum in the last quarter of the year and that the upward movement of the economy will continue in 1962. This sounds rather reassuring, especially so since in most west European countries forecast for the early months of 1962 do not foresee any significant changes in the current rates of growth.

However, the future rhythm of expansion in the United States is still under a question mark. Excess capacity, which has now been in existence for several years, remains one of the most worrying features of the American economy. This casts a shadow on the short-run prospects of investment activity, which is the key to economic growth. A recent McGraw Hill survey points out that investment in plant and equipment in 1962 is expected to increase by some 4 per cent above the 1961 level. Compared with increases recorded in western Europe in the course of the last two years, a 4 per cent rise in investment sounds rather modest and hardly adequate to assure a rapid and vigorous expansion. True enough, this is only an estimate. Higher consumer demand, rising profits and generally more favourable conditions which are expected to develop in the following months may raise the actual spending well above the estimated figure. But, nevertheless the survey tends to indicate that corporations are somewhat reluctant to add to their existing capacity until they feel certain of increased demand.

The pace of expansion in the United States so far, has been rather on the modest side. According to the latest announcement by the Council of Economic Adviser, total output of goods and services rose to an annual rate of US $ 526 billion in the third quarter, but the relative increase over the first depressed three months of the year did not amount to more than 5 per cent, while the rise between the second and the third quarter was of the order of only 2 per cent. Moreover, the rise in industrial output tends to lag somewhat behind the advance in gross national product. On the other hand, the rate of inventory accumulation seems to be increasing, and this is likely to exert a positive influence on the rate of imports in the months to come.

However, as far as imports of agricultural commodities are concerned, the records of the first half of 1961 have not been encouraging at all. According to FAO sources,[3] in the first six months of 1961, agricultural imports of the United States were about 9 per cent less in value than a year earlier; those of the United Kinkdom 3 per cent less; those of France about 4 per cent, and of western Germany 7 per cent less than in the first half of 1960. The only noteworthy exception was Italy, where a fractional increase was registered.

Recent information on the course of primary commodity prices is even less encouraging. In spite of the recovery and expansion in North America, no tangible effect has been felt so far in this particularly weak spot of the world economy. The Financial Times index of sensitive world commodity prices began to recover early in 1961 after an uninterrupted decline in the second half of 1960. But a peak was already reached in May, and it was below the peak recorded in 1960; then, after some brief oscillations, the index once again resumed a downward course. By the end of September the index was at a lower level than a year earlier. Barring for unexpected changes in the last quarter of the year, it seems almost certain that primary commodity prices, which, on the average, had not recorded any improvement between 1959 and 1960, will loose some ground in 1961.

---

[3] FAO, Supplement to the State of Food and Agriculture and the FAO Commodity Review 1961.

Chapter A. II.

RECENT TRENDS IN AFRICAN TRADE

a) General Developments

As in the case of underdeveloped regions in general, the unusually rapid expansion in the volume of African exports in 1959 was not repeated in 1960. The actual increase between 1959 and 1960 fell short by more than one-fifth of the rate recorded a year earlier. However, owing to the stability in the average unit value of exports, the volume and value of African exports in 1960 expanded at approximately the same rate, so that total export earnings of the region increased by a higher percentage between 1959 and 1960 than in the preceding interval despite a smaller rise in exports in volume terms.

The value of African exports rose from about $ 5,860 million in 1959 to about $ 6,330 million in 1960 - an increase of about 8 per cent, which compares favourably with the 5 per cent rise of a year earlier.[1] The 1959-1960 rate of increase of African exports in value terms was also higher than the corresponding rate for the underdeveloped regions taken as a group; the latter did not amount to full 6 per cent and was only slightly higher than the rate recorded between 1958 and 1959.

The value of African imports rose from about $ 7,230 million in 1959 to about $ 7,970 million in 1960, thus marking an impressive rise of about 10 per cent after the 3-4 per cent decline between 1958 and 1959.[2] As noted in the preceding chapter, an important characteristic of this increase in African imports was the high degree of concentration on capital goods. This, indeed, may be taken as an encouraging indication of increased efforts and more systematic policies pursued by African governments in the sphere of economic development. But, however desirable an increase in imports of the region might be, the more rapid anvance in the value of imports than of exports was bound to cause a deterioration in the balance of trade of Africa, and — in the absence of an adequate inflow of public and private funds from abroad — to render the pressure on foreign exchange reserves more acute. After the improvement recorded between 1958 and 1959, the combined balance of trade of Africa in 1960 deteriorated by about $ 270 million over the preceding year.

As shown in the table below, which is based on somewhat incomplete data, the bulk of the deficit in the balance of trade of the region came again from the countries belonging to the French franc Zone. On the other hand, the deterioration in relative terms was much more accentuated in the combined balance of trade of the sterling area's countries, mainly due to high increases in imports of Nigeria, Union of South Africa and Ghana, which were not matched by adequate increases in export earnings. The rest of the region, with the exclusion of the Congo (Leopoldville), Ruanda-Urundi and Somalia,

TABLE A. II. 1

African Trade by Currency Areas[a]

(in millions of US dollars)

	1958	1959	1960
Total[b]:			
Exports	5,250	5,446	5,735
Imports	7,078	6,814	7,616
Balance	−1,828	−1,368	−1,881
Sterling Area			
Exports	2,628	2,984	3,106
Imports	3,306	3,224	3,683
Balance	− 678	− 240	− 577
Franc Zone[c]:			
Exports	1,669	1,440	1,484
Imports	2,494	2,352	2,643
Balance	− 825	− 912	−1,159
Other Countries[b]			
Exports	958	1,021	1,145
Imports	1,276	1,240	1,289
Balance	− 318	− 219	− 144

Source: UN Direction of International Trade, 1959, Monthly Bulletin of Statistics and National Publications.

Note: Value of gold exports for major exporting countries are not included.

[a] Excluding trade of Sao Tome and Principe, Portuguese Guinea, Cape Verde Islands.

[b] Data for Congo (Leopoldville), Ruanda-Urundi and Somalia are excluded throughout.

[c] The Republic of Guinea is included in 'Other Countries'.

[1] UN Monthly Bulletin of Statistics, October 1961.

[2] Ibidem.

TABLE A. II. 2

African Trade by Sub-Regions[a]

North Africa[b]	1,596	1,486	1,611	2,621	2,521	2,862
West Africa[c]	1,340	1,398	1,482	1,501	1,547	1,765
South and East Africa[d]	2,314	2,562	2,642	2,956	2,748	2,989

Source: UN Direction of International Trade, Monthly Bulletin of Statistics and National Publications.
Note: Value of gold exports for major exporting countries included.
[a] Excluding trade of Sao Tome and Principe, Portuguese Guinea, Cape Verde Islands.
[b] Morocco, Algeria, Tunisia, Libya, Egypt and Sudan.
[c] Former French West African countries, Guinea, Togo Gambia, Sierra-Leone, Liberia, Ghana, Nigeria, Cameroun, Former French Equatorial Africa.
[d] Data for Congo (Leopoldville), Ruanda-Urundi and Somalia are excluded.

for which data for the year 1960 were not available, succeeded in narrowing the combined trade gap as compared with the year 1959.

In contrast to 1959, when the value of exports from North Africa declined from its 1958 level, in 1960 all sub-regions participated in the expansion of African exports. The greatest relative increase of about 8 per cent was recorded in the value of exports from North Africa while West Africa and South and East Africa expanded their exports by 6 per cent and 3 per cent respectively.

However, the small increase in the value of exports from South and East Africa seems to be partly due to the fact that figures for the Congo (Leopoldville), have been excluded from the totals. Judging by import statistics of the OECD, exports from the Congo must have increased quite considerably between 1959 and 1960[3] — a fact which can only be explained by an unusually high rise in exports from Katanga, since all estimates point to a sharp reduction in exports from the other provinces of the Congo Republic. If the actual export figure for the Congo was included in the 1959 total for the sub-region, and if a rough estimate, based on the OECD figures, was included in the 1960 total, exports from the sub-region in 1960 would show an increase of about 5 per cent over the preceding year.

The expansion in exports was geographically somewhat more widely spread in 1960 than in 1959, but the expansion in imports was an even more general phenomenon among African countries. As shown in the table below, out of the twenty three countries listed, for which information is available fifteen countries — or 65 per cent of the total — recorded in 1960 increases in their export values, while nineteen countries — or almost 83 per cent of the total — had higher import levels than in 1959.

The number of countries whose trade gap widened in 1960 was considerably smaller than the number of those which recorded an increase in their import value. Out of twenty two countries below, for which

[3] According to the OECD figures imports of the OEEC countries, which account for about 75 per cent of total Congolese exports, rose by about 14 per cent between 1959 and 1960 (OECD, Statistical Bulletins, Foreign Trade, October 1961).

TABLE A. II. 3

Percentage Changes in the Trade of Selected African Countries and Territories between 1959 and 1960.

	Exports	Imports
Guinea	+91.3	−18.9
Dahomey - Niger	+26.9	+59.4
UAR (Egypt)[b]	+24.2	+ 5.0
Morocco	+24.3	+44.1
Liberia	+23.5	+61.2
Ivory Coast	+10.4	+ 4.7
Mozambique	+10.3	+ 5.6
Rhodesia and Nyasaland	+10.2	+ 4.4
Kenya, Uganda, Tanganyika	+ 8.4	+10.2
Algeria[4]	+ 7.9	+10.9
Ethiopia[a]	+ 7.0	+ 5.1
Ghana	+ 2.7	+14.4
Former French Equatorial Africa	+ 2.6	+16.1
Union of South Africa	+ 2.3	+13.7
Nigeria	+ 0.8	+20.1
Angola	− 0.6	− 2.6
Malagasy Republic	− 0.9	− 6.7
Senegal, Mali, Mauritania	− 2.8	− 3.5
Sudan	− 5.1	+10.4
Cameroun	−10.5	+ 3.5
Tunisia	−15.6	+24.8
Togo	−17.5	+72.2
Mauritius	−36.9	+15.4
Congo and Ruanda-Urundi	n.a.	n.a.

Source: National Publications. Based on National Currency.
[a] Year ending 10 December.
[b] Excludes trade with Syria.

[4] The percentage increase in Algerian exports in this table has been derived from figures pubished in Donnees Statistiques, Institut National de la Statistique et des Etudes Economiques, Paris, September 1961. It should be noted that the magnitude of this increase differs sharply from that in imports of the OEEC countries, which may be derived from trade statistics of the OECD (OECD, Statistical Bulletins, Foreign Trade, October 1961). According to the latter, imports from Algeria of the OEEC countries, which account for about 90 per cent of total Alegerian exports rose by almost 50 per cent between 1959 and 1960. The explanation of this discrepancy seems to be due to the fact that the figures from which the percentage in the table above has been derived probably exclude exports from the Sahara Department.

TABLE A. II. 4

Exports of selected African Countries and Territories expressed as a percentage of their Imports.

African Countries and Territories	1958	1959	1969
Sudan	73	117	101
Rhodesia and Nyasaland[b]	86 (90)	125 (129)	131 (136)
Congo and Ruanda-Urundi	112 (116)	159 (162)	n.a.
Togo[c]	84	116	56
South Africa[b]	70 (110)	88 (137)	79 (131)
Cameroun	108	133	115
Guinea[c]	35	47	110
Morocco	86	99	86
Nigeria	82	91	77
Mauritius	95	99	54
Former French Equatorial Africa	67	72	63
Ethiopia[c a]	79	87	88
Kenya, Uganda and Tanganyika	101 (102)	105 (106)	103 (104)
UAR (Egypt)	71	72	87
Ivory Coast[c]	138	120	126
Ghana	111 (124)	90 (100)	81 (89)
Algeria	43	32	31
Madagascar	76	63	67
Dahomey and Niger[c]	110	92	n.a.
Tunisia	99	93	63
Mali, Senegal and Mauritania[c]	66	65	66
Angola	99	95	87
Mozambique	61	55	58
Lybia	15	11	7

[a] Year ending December 10th of years stated.
[b] Imports, F.O.B., South Africa including South West Africa.
[c] Source National Publications.
Source: UN Monthly Bulletin of Statistics, November 1961.
Based on value expressed in National Currency.
Note: Figures in brackets include exports of gold.

information is available, there was a deterioration in the case of thirteen countries — or less than 60 per cent of the countries listed — while nine countries recorded improvements in their trade balances.

As suggested by the figures in the tables above trends in both exports and imports in various sub-regions of the continent, and even in countries belonging to the same sub-regions, were far from uniform.

One of the main characteristics of the trade developments in North Africa in 1960 was a deterioration in the trade balances of North African countries. Only the UAR (Egypt) succeeded in reducing her traditional trade gap while in all other cases larger deficits were recorded in comparison with the previous year.

On the export side trends varied widely from country to country under the influence of various factors. Morocco and Algeria expanded their exports at very high rates while exports from Tunisia and Libya, where agriculture suffered heavily from the severe droughts in 1959/60, fell short of the 1959 levels. The impressive rise in expors from the UAR (Egypt)) was due to higher world demand for cotton but this same factor was not able to maintain exports from the Sudan on their 1959 level, since this level had been conditioned by large carryovers of cotton from the two previous seasons.

With the exception of the UAR (Egypt), whose imports rose only moderately, all North African countries in 1960 registered substantial increases in their imports. The most striking change occurred in Morocco, where imports in 1960 increased for the first time after an uninterrupted decline from 1956 onwards, and as shown in Table A.II.3, they increased at an impressive rate of 44 per cent. In some cases increased quantities of food contributed to the general rise in imports, but in most countries in the sub-region the increase in imports was concentrated on categories of goods needed for economic development.

Most countries in West Africa suffered in 1960 from declining prices of cocoa and coffee. Togo, where a rise in exports in volume terms was accompanied by a sharp fall in export earnings, was probably the most prominent case, but other countries were also adversely affected in proportion with the relative importance of cocoa and coffee in their

total exports. In contrast to this, countries with a relatively large share of minerals in their export patterns recorded quite substantial gains, and the same may be said of exporters of natural rubber and tropical wood. So, for instance, a spectacular expansion was recorded in exports from Guinea — owing mainly to increased shipments of iron ore and bauxite, while Liberia gained roughly in equal proportions from increased exports of natural rubber and iron ore. Generally speaking, countries with more diversified export structures were in a relatively good position, since they were able to offset, or more than offset losses caused by declines in prices of cocoa, coffee and some other agricultural commodities by gains in exports of minerals and tropical wood.

Wiht one or two exceptions only, levels of imports in the countries belonging to the sub-region were on the increasing side. As in the case of North African countries, the impact of economic development on mport patterns in West Africa seems to be increasingly felt. Although inter-country differences in this respect to exist, it may be generally said that the rise in imports of such categories like machinery, transport equipment, chemicals and basic materials in 1960 tended to outstrip increases in imports or less essential goods. In the case of a few more advanced countries of the sub-region, this encouraging tendency seems to be partly linked with results achieved so far in the expansion and diversification of domestic production, which have led to a partial substitution of certain imports by domestically produced goods.

Generalization on trade developments in South and East Africa is rendered very difficult owing to a number of specific factors which often combined to determine the trade position of individual countries. True enough, as in the case of African countries in general, developments on the export side were mainly influenced by the strength of external demand for the main exporting commodities. But since supply conditions often varied from country to country, a given level of demand did not always produce the same effect on countries with similar export patterns. Declines in exports from Chad and the Central African Republic seems to have been caused by adverse changes on the supply side — mainly by reduced quantities of cotton available for exports. Exporters of coffee suffered from the declining prices of this commodity but there again the overall effect on export proceeds was by no means uniform. Despite the fact that coffee accounts for more than a half of her total export earnings, and that she does not enjoy a sheltered market, Ethiopia increased the value of her exports by a significant percentage, while another exporter of coffee — the Malagasy Republic — was not even able to maintain its already depressed 1959 export level. In one important trading country of the sub-region — Congo (Leopoldville) — trade developments in 1960 were affected in a decisive way by the unfortunate political events following independence. However, apart from the Congo (Leopoldville), the three major trading units — East Africa, the Federation of Rhodesia and Nyasaland and the Union of South Africa, which together account for more than one-third of total African exports — recorded further increases in their export earnings. With the exception of the Federation, where the rise in imports did not attain a half of the increase in exports, imports in the two remaining cases increased at a higher rate than exports, thus giving rise to a deterioration in the trade balances.

The geographic pattern of African trade in 1960 did not undergo any significant change in comparison with the previous year, but some changes did occur both on the export and import sides.

As already pointed out in Chapter A/I of the Bulletin, African exports to North America, or more precisely to the United States, were affected by the economic recession in the latter part of 1960. The United States imports from Africa dropped sharply in the second half of the year, so that the total for 1960 was some $ 53 million lower than in 1959. It is worth while noting that the decline in American imports from Africa — of about 9 per cent — was about three times greater than the average decline in the United States imports, which tends to show the high degree of sensitivity of imports from Africa to economic fluctuations in that country.

On the other hand, imports of western Europe from Africa, particularly those of the OEEC countries expanded at a much higher rate than over the 1958-1959 interval. The percentage increase in the combined imports of these countries — of about 11 per cent — reflects to some extent a rise in freight rates in the course of 1960, but even allowing for this rise in freight rates the actual increase in imports on a f.o.b. basis must have been approximately of the order of 9 per cent. As shown in the table below, the rise in imports from Africa was much higher in the case of the EEC group than in the case of the EFTA countries — 13 per cent and 7 per cent respectively — so that the relative share of the EEC group in total African exports continued to progress. In this group of countries France accounted for about 60 per cent of the total increase or, in absolute terms, for some $ 200 million. As it appears from the OECD statistics, more than four-fifths of the increase in French imports from Africa were concentrated on only one African country — Algeria. Substantial relative increases in imports from Africa were also recorded in Belgium, Luxemburg and Italy, as well as in the Federal Republic of Germany. The only member of the European Economic Community whose imports from Africa in 1960 were lower than in 1959 was the Netherlands.

Within the EFTA group the United Kingdom accounted for almost 80 per cent of the total increase in imports from the African region, bu the rise

TABLE A. II. 5

Trade of North American and west-European Countries with Africa

Exporting and Importing Countries	Exports to Africa			Imports from Africa		
	1958	1959	1960	1958	1959	1960
United States[a]	617.9	691.3	765.4	560.9	588.9	534.9
Canada[a]	68.4	76.0	82.1	29.4	33.6	35.4
Total North America	686.3	767.3	847.5	590.3	622.5	569.3
Belgium, Luxemburg	237.0	186.4	163.3	278.4	329.2	382.7
France	1,875.2	1,772.3	2,052.6	1,525.1	1,230.5	1,430.0
Italy	214.3	210.4	243.4	245.5	284.2	322.1
Netherlands	182.4	182.3	206.2	176.8	203.0	197.6
West Germany	455.5	499.2	592.1	467.2	525.1	580.6
Total EEC Countries	2,964.7	2,850.8	3,257.8	2,693.0	2,572.3	2,913.0
Austria	33.0	30.7	29.6	30.8	24.4	31.2
Denmark	24.1	26.3	29.3	6.8	11.4	13.3
Norway	41.8	36.2	42.8	28.6	46.1	38.4
Portugal	102.8	100.8	103.3	82.9	81.4	93.1
United Kingdom	1,396.8	1,288.9	1,373.2	1,071.5	1,170.4	1,244.2
Sweden	84.4	91.7	104.8	42.8	52.1	56.8
Switzerland	68.2	69.5	68.7	51.1	52.4	58.2
Total EFTA Countries	1,751.4	1,644.6	1,752.0	1,315.0	1,438.3	1,535.0
Spain	45.7	43.9	36.6	42.7	37.6	30.0
Yugoslavia	27.4	22.9	31.7	19.2	19.9	52.3
Greece	5.9	3.6	3.6	12.5	13.6	16.2
Turkey	1.2	3.2	3.8	3.2	1.1	1.9
Total listed Western European Countries	4,796.3	4,569.0	5,085.5	4,085.6	4,082.8	4,548.8

Source: For the United States — World Trade Information Service, Part 3, No. 61-27 Statistical Reports, for all the other countries listed — Overall Trade by Countries, OEEC Foreign Trade, Series A, August 1961.
[a] Countries with imports on a f.o.b. basis.

in imports of this country, in both absolute and relative terms, was smaller than that recorded in the 1958-1959 interval. Among other west-European countries, outside the two economic groupings, mention should be made of Yugoslavia, whose imports from Africa in 1960 more than doubled compared to the previous year.

As in the previous years, the bulk of African imports in 1960 came from western Europe. Exports from western Europe to Africa increased by about the same percentage as west-European imports from Africa, but the rates of increase of exports from the EEC and the EFTA group were somewhat different from the corresponding rates of imports. The increase in exports from the EEC — of about 14 per cent — was somewhat higher than the rise recorded on the import side, while exports from the EFTA countries expanded at a slightly lower rate than their imports from Africa.

Japanese imports from Africa continued to expand rapidly — from $ 128 million in 1959 to $ 164 million in 1960, but exports to Africa recorded a sharp decrease of about 14 per cent.

In the centrally planned economies, and in particular in the USSR, imports from Africa continued to expand rapidly although at a considerably reduced rate in comparison with the 1958-1959 interval. USSR imports from Africa increased in 1960 by about 15 per cent over the previous year, reaching a figure of about $ 200 million which, together with imports of the six eastern European countries, added up to a total of about $ 330 million. This, after deduction of freight and insurance costs, would amount to somewhat less than 5 per cent of the total exports from the African region. On the other hand, exports from the USSR to Africa were slightly lower in 1960 than in 1959 and they amounted roughly to only half of the value recorded on the import side. Together with exports from the six eastern European countries, exports from the USSR to Africa in 1960 were probably not higher than $ 240 million, which constitutes only about 3 per cent of the total imports of the region.

The lower figures of African imports from the centrally planned economies than of exports going to these countries are partly explained by the fact that some of the purchases by the centrally planned economies are performed for convertible currency, which is often used by the exporters to buy goods in other parts of the world. But account should also be taken of the fact that part of imports from Africa obtained through intermediate firms in former metropolitan countries, is covered by exports to these latter countries.[5]

Trade between Africa and the centrally planned economies is still concentrated in a small number of African countries. Out of some twenty countries of the region which have commercial relations with the centrally planned economies, one — the UAR (Egypt) — accounts for about 70 per cent of total African exports and for about 65 per cent of total African imports from these countries. Only eight countries — the UAR (Egypt), Morocco, Algeria, Sudan, Ghana, Guinea, Nigeria and the Federation of Rhodesia and Nyasaland — represent more than 90 per cent of the total trade with the USSR, eastern Europe and mainland China.

Global data on African trade in the first six months of 1961 are not yet available. However, a general idea about the trends prevailing in this period can be obtained from the trade statistics of the main trading partners of Africa.

The United States imports from Africa were some 6 per cent higher in the first half of 1961 than in the corresponding period of 1960, while exports to Africa increased by only 2 per cent.[6] From the viewpoint of African exports this looks rather promising, especially so since a further rise in the United States imports — under the influence of enhanced economic activity — may be expected in the latter part of the year. On the other hand — and this has more weight in this context — the expansion in imports of western Europe, by far the most important trading partner of Africa, slowed down in the first half of 1961. According to the OECD figures,[7] west-European imports (OEEC countries) did not show any increase in the first quarter of 1961 over the corresponding quarter of 1960. In the second quarter of the year imports from Africa increased by some 6 per cent over the second quarter of 1960, so that the average increase in the first six months of 1961 over the corresponding period of the previous year was of the order of 3 per cent. In comparison with a 12 per cent rise between the first half of 1959 and the first half of 1960 this 3 per cent increase is rather small and it indicates a considerable slowing down of the expansion of African exports to western Europe — a region which absorb almost two-thirds of total African exports. Exports from western Europe (OEEC countries) to Africa were lower in both the first and second quarter of 1961 than in the corresponding quarters of 1960. The total for the first six months of 1961 was about 4.6 per cent below the figure recorded a year earlier. These divergent trends in west European imports from and in exports to African countries point to an improvement in the balance of trade of Africa with western Europe, and in the overall trade balance of the region as well. However, from a broader point of view, this improvement may not mean much to African economies since it has not been achieved on a higher level of both exports and imports. The more recent months of 1961 may have brought some changes in this general picture but, as already said in the preceding chapter of this Bulletin, there is no indication of a renewed expansion in west-European imports, and in particular in imports from primary exporting regions.

b) Notes on trade of Selected African Countries

In the following pages a brief account will be given of the main developments in the trade of a number of African countries in the course of 1960. Unfortunately, owing to the lack of information, a great many countries, some of them quite important for the trade of the region, could not be covered by this survey.

(i) North Africa

UAR (Egypt): Exports from UAR (Egypt) rose by 24.2 per cent in 1960, while imports increased by only 5.0 per cent, although at $ 646.4 million imports were still 17.5 per cent higher than exports which amounted to $ 550.2 million. In consequence the customary trade deficit was, in 1960, much lower than in 1959, declining from $ 173.0 million in 1959 to $ 96.2 million in 1960. The improvement in the trade deficit was due mainly to the limited success at diversifying exports, to the better demand for cotton, to the measures taken to prevent the re-export of Egyptian commodities, and also to the curbing of some imports. The balance of visible trade has been the determining factor in the overall balance of payments since 1950, for even when there have been surpluses on capital account and other items of current account these have never, except in 1954, been enough to offset the deficit in the balance of

[5] In the USSR statistics imports of this kind are usually recorded as imports from the countries of origin.
[6] Foreign Commerce Weekly, October 16, 1961.
[7] OECD Sattistical Bulletin, Foreign Trade, October 1961.

TABLE A. II. 6

UAR (Egypt): Major Exports by Commodities 1959 - 1960

In thousands US $

Commodity	1959		1960		% change 1959/60
	Value	% of total	Value	% of total	
Cotton raw	316,351	71.4	387,002	70.3	+ 22.3
Textiles (Items in SITC Code No. 65)	36,790	8.3	51,208*	9.3	+ 39.2
Onions	10,626	2.4	10,282	1.9	− 3.4
Petroleum, crude & partly refined	10,109	2.3	8,323	1.5	− 17.7
Natural phosphates	4,595	1.0	3,877	0.7	− 15.3
Groundnuts, green	4,164	0.9	3,676	0.7	− 11.7
Manganese ore & concentrates	3,877	0.9	2,728	0.5	− 29.6
Sugar	2,355	0.5	4,704	0.9	+ 99.7
Rice	3,073	0.7	28,229	5.1	+800.0
All others	47,628	10.7	47,380	8.6	− 0.5
Re-exports	3,464		2,746		
Total	443,032	100.0	550,155	100.0	+ 24.2

* Includes some other items that cannot be separated.
Note: Trade with Syrian Region not included.
Source: UN International Trade Statistics, 1959. UAR (Egypt) Monthly Summary of Foreign Trade, 1960.

trade.[8] The recognition of the need to diversify and expand exports has found expression in the sustained attempt at industrialization and in the conclusion of trade and payment agreements with several countries. Apart from trade agreements with Western Germany and the Soviet Union, the UAR (Egypt) has also concluded trade agreements with Spain, Poland, Somali Republic, Ceylon, Cuba, Switzerland, Mainland China, Burma, Ethiopia, Morocco, Lybia and Guinea.[9]

The increase in Egyptian exports in 1960 was spread over three major items — cotton, textiles and rice. Contrary to the usual pattern almost all the export items which registered significant declines in value terms in 1960 were non-agricultural raw materials like crude and semi-refined petroleum, natural phosphates and manganese ore and concentrates[10] and probably reflected partly the raw material needs of the growing industrial sector of the economy.[11] Raw cotton which continues to be the leading export was up 22.3 per cent in value terms in 1960 as compared with 1959 and represented 70.3 per cent of the total value of exports. The improvement in the demand for cotton in 1960 was largely due to the reduction in the size of cotton crops in other producing areas.[12] As in 1959 most of the cotton shipments went to the eastern European countries, although the 1960 shipments were slightly below those of 1959. In 1959 about 67.0 per cent of all cotton shipments went to Russia and the eastern European countries and Mainland China. This percentage fell to 57.0 per cent in 1960.

All the major categories contributed to the increase in the value of imports in 1960 with the exception of food, beverages and tobacco which declined by 8.4 per cent in value terms mainly as a result of a fall in the unit value and the volume of imports of wheat and wheat flour. Coffee, raw tobacco and livestock imports also declined in value. These decrease were, however, more than offset by increases in imports of raw wool, wool yarn and fabrics which mainly accounted for the 74.9 per cent increase in the value of textiles imports. There were also significant increases in imports of chemicals, including fertilizers, and basic materials and mineral fuels also went up. Imports of machinery and transport equipment showed only a slight increase in 1960 compared to 1959 but as in 1959 they were at a high level and represented 24.2 per cent of total value of imports. In this category electrical equipment and parts actually registered a decline. Other manufactures and miscellaneous items registered increases in value terms.

[8] National Bank of Egypt Economic Bulletin Vol. XIV No. 1, 1961 (Statistical Appendix).

[9] In 1961 a trade mission visited several African countries and visits were also arranged for the United States.

[10] All these items registered a more than 15.0 per cent decline in 1960. Green groundnuts and onions fell in value terms by 12.0 per cent and 3.4 per cent respectively.

[11] Exports of refined petroleum products nearly trebled in 1960. On the other hand volume of fuels and mineral oils and products exported fell by almost 82,000 tons.

[12] The sharp and unexcepted reduction in the Indian crop contributed a great deal to Egypt's exports in the 1959-1960 season.

TABLE A. II. 7

UAR (Egypt): Imports by Categories 1959 - 1960

In thousands US $

Commodity	(SITC)	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/60
Food, Beverages & Tobacco	(0,1)	150,952	24.5	138,362	21.4	— 8.4
Basic Materials & Mineral Fuels	(2,3,4)	121.167	19.7	139,014	21.5	+ 14.7
Chemicals	(5)	74,037	12.0	74,464	11.5	+ 0.6
Textiles	(65)	10,985	1.8	19,212	3.0	+ 74.9
Machinery & Transport equipment	(7)	155,099	25.2	156,159	24.2	+ 0.7
Other Manufactures	(6,8)	99,649	16.2	115,742	17.8	+ 15.3
Miscellaneous	(9)	3,794	0.6	4,295	0.7	+ 13.2
Total	(0-9)	615,683	100.0	646,248	100.0	+ 5.0

Note: Trade with Syrian Region not included. SITC Classification for 1960 is approximate.
Source: UN International Trade Statistics, 1959. UAR (Egypt) Trade Report according to SITC 1959. UAR (Egypt) Monthly summary of Foreign Trade, 1960.

The dramatic shift in the direction of Egyptian trade, away from Western Europe to Eastern Europe and Mainland China, which began in 1956[13] was slightly redressed in 1960, although the eastern European countries remained Egypt's most important trading partners. In 1959 exports to eastern Europe and Mainland China represented 46.0 per cent of total exports. Imports from the same area accounted for 29.8 per cent of total imports. In 1960 trade with eastern Europe and Mainland China declined slightly in relative terms as this area took 44.1 per cent of Egyptian exports, and supplied 27.8 per cent of Egyptian imports. The bulk of the trade with eastern Europe was with the Soviet Union which accounted for 41.0 per cent of the value of imports from and 37.2 per cent of the value of exports to eastern Europe. The share of western Europe in Egyptian trade in 1960 was 38.4 per cent of total imports and 18.0 per cent of total exports, the EEC group of countries accounting for the bulk of this trade. In 1959 the share of EEC countries in Egyptian trade was 24.2 per cent for imports and 14.7 per cent for exports. In 1960 their share of imports increased to 27.8 per cent and their share of exports declined to 12.2 per cent. Trade with the Dollar Area has been increasing since 1958, and in 1960 accounted for 18.4 per cent total imports but only 5.3 per cent of total export. Trade with the rest of Africa is still relatively small but is likely to increase in view of the vigorous attempt at developing trade relations with African countries in the past two years.

[13] Economic Bulletin for Africa, Vol. I, No. 1, p 26, January 1961.

[14] Usually a year of high level exports and a favourable balance of trade has been followed by a more leberal import policy resulting in increased imports in the following year. The reverse tendencies have been the case in years of low exports and unfavourable trade balances. See Economic Bulletin for Africa, Vol. I, No. 1, January 1961.

SUDAN: The external trade of Sudan has in recent years been characterized by considerable fluctuations from year to year. Exports have usually led in these fluctuations with imports responding in the same direction after a lag of 12 months.[14] Exports declined by 5.0 per cent in 1960 as compared with 1959 while imports rose 10.4 per cent above the 1959 figure. The trade surplus was thus much smaller in 1960 than in 1959 — $ 1.1 million in 1960 as against $ 27.9 million in 1959. However, as already said conditions in 1959 were unusual because exports in that year had been influenced by the shipment of large quantities of cotton carried over from the previous two seasons. Furthermore, 1959 was a year of import restrictions while 1960 was characterized by a more liberal import policy. The 1960 figures could therefore be said to reflect a more normal state of affairs with import restrictions relaxed to a large extent and with large but not exceptional quantities of cotton exported at favourable prices.[15]

The decrease in he value of exports in 1960 was confined to three commodities — cotton, cotton seed and oil cakes and oil meal. Cotton, which represented 54.6 per cent of the total value of exports, fell by 17.5 per cent. The export value of cotton seed fell even more sharply by 35.8 per cent in 1960 compared with 1959. Exports of gum arabica, the next most important export commodity after cotton, increased in value terms by 36.9 per cent in 1960 compared with 1959, the increase in value resulting mainly from increased shipments in 1960 compared with 1959. The increased value of groundnut exports was the result of better prices in 1960, but on the other hand, the 66.9 per cent increase in the value of sesame exports was due to the greater quantities shipped in 1960 as compared with 1959. While the value of dura exports have fluctuated considerably in recent

[15] Economic Survey of Sudan, 1960, p. 23.

A. II. 8

SUDAN: Major Exports by Commodities 1959 - 1960
in thousand US $

Commodity	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/60
Cotton: ginned	115,311	63.3	95,092	54.6	−17.5
Gum arabic	14,618	8.0	20,018	11.5	+36.9
Groundnuts shelled	10,282	5.6	12,608	7.2	+22.6
Sesame	7,898	4.3	13,182	7.6	+66.9
Cotton seeds	12,436	6.8	7,984	4.6	−35.8
Dura	4,786	2.6	7,996	4.6	+67.1
Oil cakes and meal	4,825	2.7	4,000	2.3	−17.1
Other commodities	12,130	6.6	13,336	7.6	+ 9.9
Re-exports	(9,463)		(7,803)		
Total	182,286	100.0	174,216	100.0	− 5.0

Source: Foreign Trade and International Statistics Monthly, January 1961, UN Yearbook of International Trade Statistics, 1959.

years owing to fluctuations in the annual volume of production, the shipments in 1960 increased by more than 100 per cent in volume terms and 67 per cent in value terms as compared with the corresponding figures in 1959. The value of other exports, including livestock, hides and skins, went up by 9.9 per cent in 1960.

With the exception of the categories of food, beverages and tobacco all the main import categories shared in the 10.4 per cent increase in the value of imports in 1960. Imports of consumer goods accounted for over 50 per cent of the total value of imports compared to nearly 60 per cent in 1959 and 70 per cent in 1950. This downward trend in imports of consumer goods has been encouraged by official policy which has placed increasing relative importance on imports of capital goods and raw materials to promote the economic development of the country. Thus the share of the category "machinery and transport equipment" has risen from about 10 per cent of the value of total imports in 1950 to 17.7 per cent in 1959 and 24.3 per cent in 1960. Imports of raw materials have also followed a similar generally upward trend although at a higher level — about 30 per cent of the total value of imports in 1960. Food imports were down 17.5 per cent in value terms and their relative share in the total value of imports declined from 24.8 per cent in 1959 to 16.7 per cent in 1960. Imports of basic materials and mineral fuels increased slightly in value terms but declined by one per cent in its relative share in the value of imports. Imports of other manufactures were up 12.5 per cent in value while their relative share in the value of imports also increased from 19.7 per cent in 1959 to 20 per cent in 1960.

The United Kingdom has always been Sudan's most important trading partner, although in recent years the EEC group of countries has been gaining on the UK, particularly as a customer for Sudanese exports. In 1952 exports to the United Kingdom accounted for 55.7 per cent of total exports and imports from the UK were 34 per cent of total. The

A. II. 9

SUDAN: Imports by Categories 1959-1960
in thousand US $

Commodity[a]	SITC	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/60
Food, Beverages & Tobacco	(0,1)	40,695	24.8	30,247	16.7	−25.7
Basic Materials & Mineral Fuels	(2,4,3)	18,966	11.6	19,212	10.6	+ 1.3
Chemicals	(5)	9,479	5.8	11.838	6.5	+24.9
Textiles	(65)	32,889	20.1	38,656	21.4	+17.5
Machinery & Transport Equipment	(7)	29,084	17.7	44,015	24.3	+51.3
Other Manufactures	(6,8)	32,234	19.7	36,278	20.0	+12.5
Miscellaneous	(9)	514	0.3	686	0.4	+33.5
Total	(0 - 9)	163,861	100.0	180,932	100.0	+10.4

[a] Commodity classifications are approximate.
Source: Foreign Trade and International Statistics Monthly, Dec. 1960, UN Yearbook of International Trade Statistics, 1959.

2 ★

TABLE A. II. 10

TUNISIA: Major Exports by Commodities, 1959 - 1960

In thousand US $

Commodity	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/60
Olive oil	36,079	25.4	14,313	12.0	−60.3
Phosphate, natural	18,465	13,0	15,062	12.6	−18.4
Wine, ordinary	17,587	12.4	17,284	14.4	− 1.7
Wheat	8,209	5.8	12,433	10.4	+51.5
Iron Ore	7,604	5.4	7,917	6.6	+ 4.1
Barley	6,662	4.7	4,104	3.4	−38.4
Phospheric fertilizer	6,332	4.5	6,233	5.2	− 1.6
Citrus fruits	4,326	3.0	3,821	3.2	−11.7
Lead and lead alloys	4,032	2.8	3,363	2.8	−16.6
Semolina	3,948	2.8	4.087	3.4	+ 3.5
Cement	3,085	2.2	2,377	2.0	−23.0
Iron & steel: scrap	910	0.6	1,395	1.2	+53.3
Wool and hair	506	0.4	378	0.3	−25.3
Copper & copper alloys	500	0.4	490	0.4	− 2.0
Zinc Ore	226	0.2	186	0.2	−17.7
Alfa	1.959	1.4	3,088	2.6	+57.6
All others	21,442	15.1	23,154	19.3	+ 8.0
Total	141,872	100.0	119,685	100.0	−15.6

Source: UN Yearbook of International Trade Statistics 1959 and Bulletin de Statistique et d'etude Economique.

figures for the EEC group of countries were 18.8 per cent for exports and 21.5 per cent for imports. By 1959 the share of exports to the UK had declined to 26.1 per cent of total exports and imports from the UK accounted for 24.9 per cent of total imports. On the other hand the share of imports from the EEC countries fell slightly to 17.8 per cent in 1959 and that of exports rose to 31.4 per cent. In 1960 the UK share of Sudanese trade was 27.4 per cent of total imports and 25.9 per cent of total exports. The EEC countries in the same year bought 23 per cent of total Sudan's exports and supplied 20 per cent of its imports. Trade with the eastern European countries had developed significantly since 1957 as a result of several bilateral agreements with these countries.[16] In 1958 exports to the eastern European countries amounted to 6.9 per cent of total exports and imports from the socialist countries were only 4.4 per cent of total imports. These shares rose to 7.4 per cent and 7.3 per cent respectively in 1959 and to 12.9 per cent and 9.2 per cent respectively in 1960, and there are indications that this trend will continue. Trade with the rest of Africa, which is accounted for mainly by trade with UAR (Egypt), and which has been fluctuating from year to year around a gently declining trend, is quite substantial and represented an average of 11.2 per cent of total imports for the period 1958 to 1960 and an average of 8.6 per cent of total exports for the period 1958 to 1959.

[16] Czechoslovakia, Eastern Germany, Hungary, Poland, Bulgaria and Yugoslavia.

Tunisia: Tunisia's trade deficit worsened in 1960 as compared with 1959 as a result of a 15.6 per cent decrease in the value of exports coupled with a 24.8 per cent increase in the value of imports. The adverse trade balance in the first nine months of 1960 rose to $ 39.0 million as against a deficit of $ 19.3 million in the first half of that year and a surplus of $ 2.4 million in the first nine months of 1959. By the end of the year the trade deficit had risen to $ 71.0 million as against only $ 11.0 million for the whole of 1959. The drop in the value of Tunisian exports in 1960 was, to the greatest extent, due to the poor crops,[17] which led to a drop in exports of olive oil from $ 36.0 million in 1959 to $ 14.0 million in 1960. The decrease in the value of olive oil exported would have been much greater but for the 35,000 tons of olive oil left over from the previous season and exported in 1960. Exports of ordinary wine, barley, citrus fruits, fertilizers, cement, lead and phosphates also declined in value terms. Other exports such as wheat, semolina, iron ore, scrap iron, and alfalfa were up in 1960.

Imports increased in all categories but most of all in equipment goods which went up 57 per cent in value terms from $ 27.4 million in 1959 to $ 43.1 million in 1960. A less encouraging feature was the increase in imports of soft wheat which contributed significantly to the 21.1 per cent increase in the value

[17] The 1959/60 drought affected agriculture and exports of certain commodities in Tunisia as well as in Algeria, Morocco and Libya.

of imports of food, beverages and tobacco. The value of imported manufactures also registered a considerable increase over 1959.

In spite of the fact that Tunisia has no formal political links with France — unlike many other former French African countries — the bulk of trade is with France. In 1959 France supplied 65.5 per cent of Tunisian imports, but this share declined slightly to 59.5 per cent in 1960. On the other hand the share of Tunisian exports to France rose from 50.7 per cent of total exports in 1959 to 52.2 per cent in 1960. The share of imports from the EEC countries, outside France, rose from 9.6 per cent in 1959 to 12.6 per cent in 1960 while the share of exports to those countries fell from 22.2 per cent to 14.6 per cent. Trade with the Dollar Area and also with other African countries is small and growing rather slowly, while trade with the socialist countries is insignificant. The share of exports to the UK rose significantly in 1960. In the first ten months of 1960 exports to the UK amounted to $ 12.6 million compared with $ 9.2 million in the same period of 1959 and $ 12.0 million in the whole of that year. The greatest increase was in exports of esparto grass which rose from $ 2.0 million in the 1959 period to 4.2 million in the same period of 1960. Tunisia thus displaced Algeria as the largest supplier of esparto to the UK. The share of imports from the UK declined from 4.9 per cent of total imports in 1959 to 3.8 per cent in 1960.

TABLE A. II. 11

TUNISIA: Imports by Categories 1959 - 1960

In thousand US $

Commodity[a]	(SITC)	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/60
Food, Beverages & Tobacco	(0,1)	30,803	20.1	37,295	19.6	+21.1
Basic Materials & Mineral Fuels	(2,3,4)	22,836	14.7	25,334	13.3	+10.9
Textiles	(5)	11,791	7.7	13,580	7.1	+15.2
Chemicals	(65)	22,058	14.4	24,087	12.6	+12.5
Machinery & Transport equipment	(7)	27,436	17.9	43,116	22.6	+57.1
Other Manufactures	(6,8)	37,942	24.8	47,286	24.8	+24.6
Total	(0-9)	152,866	100.0	190,711	100.0	+24.8

Source: Bulletin de Statistique et d'étude Economique

Source: Bulletin de Statistique et d'etude Economique Nouvelle Serie No. 12, octobre - decembre 1960.

LIBYA: The most striking feature of Libya's external trade has been the persistent and growing trade deficit evident since 1949. This development was accelerated with the beginning of oil prospecting in 1956 and was intensified with the striking of large oil deposits in 1959. By September 1960 the trade deficit had soared to $ 114.5 million from the relatively modest figure of $ 8.4 million for the whole of 1949. The underlying cause of the persistent deficit is attributable to the characteristic high import propensity of the Libyan economy, coupled with a much lower level of exports. Even when the large direct imports of the oil companies are excluded, it is still evident that the growth of Libyan imports and the worsening trade deficit have proceeded at a rapid rate in recent years. So far the large trade deficits have been more than offset by bilateral economic aid and by the net invisible income accruing from the local expenditures of the oil companies which in 1959 enabled foreign exchange reserves to rise by $ 5.3 million above the 1950 level of $ 30.5 million. In 1959 imports, excluding the direct imports of the oil companies, amounted to $ 78.4 million with exports totalling only $ 8.4 million. While final trade figures for 1960 are not yet available, preliminary figures suggest that imports are likely to exceed $ 140 million. On the other hand, owing to the droughts in 1959 and early 1960, there is little likelihood that total exports for 1960 will exceed the 1959 level by any significant margin, if at all. However, with the completion of oil pipelines in 1962 the export figures should show considerable improvement in 1963. Even disregarding the export possibilities of mineral oils, Libyan trade can improve on its performance by the development of the major existing resources of agriculture, fisheries and tourism,[18] such development being necessary to ensure a balanced economy.

The increase in imports in 1960, as in 1959, was a reflection not only of increased imports of machinery and equipment by the oil companies but also of increased imports of food and other consumer goods, as well as manufactures, household durables, building materials and motor vehicles. Imports of food have been particularly influenced by the 1959/60 droughts, and their effect will no doubt be felt again in the import figures for 1961. Exports were particularly

[18] *Barclay's Bank Overseas Survey*, 1961.

A. II. 12

NIGERIA: Major Exports by Commodities 1959 - 1960
in thousand US Dollars

Commodity	1959 Value	1959 % of total	1960 Value	1960 % of total	% Change 1959/60
Cocoa beans	107,209	23.8	98,159	21.8	− 8.4
Groundnuts	76,922	17.1	61,475	13.6	−20.1
Palm Kernels	72,719	16.2	70,238	15.6	− 3.4
Palm Oil	38,662	8.6	36,907	8.2	− 4.5
Natural rubber and gum	32,494	7.2	39,911	8.9	+22.7
Cotton	20,443	4.5	16,548	3.7	−19.1
Timber, logs and sawn	16,965	3.8	19,700	4.4	+16.1
Groundnut oil	12,958	2.9	14,830	3.3	+14.4
Hides and skins, undressed	11.864	2.6	12,656	2.8	+ 6.7
Tin Ore and concentrates	11.802	2.6	16.925	3.8	+43.4
Petroleum (crude and semi-refined)	7,566	1.7	12,342	1.5	+63.1
Bananas and plantains	7,302	1.6	7,296	1.6	—
Groundnut cake	4.735	1.1	4,360	1.1	− 7.9
Beniseed	3,240	0.7	5,132	1.1	+58.4
Columbite	3,150	0.7	5,939	1.3	+88.5
Cotton seed	2,517	0.6	2,909	0.6	+15.6
Coffee	1,814	0.4	2,750	0.6	+51.6
All others	17,377	3.9	22,545	5.0	+12.9
Total of national exports	449,739	100.0	450.531	100.0	+ 0.2

Source: UN Yearbook of International Trade Statistics, 1959. Nigeria Trade Summary, December 1960.

affected by the droughts, with the result that shipment of groundnuts, the leading export commodity, were virtually at the same level of 9,500 tons in 1959 as in 1958. Owing to reduced sowings in 1960 only 6,000 tons were exported. Shipments of camels, cattle, sheep and goats were at a reduced level, while exports of olive oil were discontinued because the domestic output of 2,000 tons was insufficient even to meet local consumption requirements. In fact restrictions on the importation of olive oil were removed in 1960 to encourage imports for domestic consumption.

The United Kingdom and Italy continue to be Lybia's main suppliers, although since 1957 the EEC countries, outside Italy, have been increasing their exports to Libya, while Italy and the UAR (Egypt) have been losing ground relatively. In the first six months of 1960 about 21 per cent of Libyan imports originated in the UK, 20 per cent from Italy, 19 per cent from the US, 11 per cent from Western Germany, 8 per cent from France and 4 per cent from the Netherlands. During the same period Italy took 40 per cent of Libyan exports; followed by UAR (Egypt) with 15 per cent, and the Netherlands with 10 per cent. Nine per cent of the total value of exports went to Malta, 8 per cent to UK, and 4 per cent to the USSR[19] — an increase of 2 per cent above the 1959 share.

[19] *Tripoli Mirror*, 1 October 1961.

(ii) WEST AFRICA

NIGERIA. Nigeria's total trade in 1960 amounted to $ 1,053 million compared with $ 952 million in 1959. Both exports and imports were at a high level, but exports increased only slightly while imports rose by about $ 100 million. Nigerian exports fared less badly in 1960 compared with the export performance of some other African primary producers because of its widely diversified export structure — no single commodity represented more than 21.8 per cent of total exports in 1960. As in the case of Ghana the high level of imports has resulted in the imposition of higher import duties on a wide range of products. While the nature of these duties are mainly revenue and intended to curb imports they also contain a protective element since the greatest increase are incident on goods which are produced or about to be produced locally.

Almost all the important agricultural primary products showed a decline in export value in 1960 compared with 1959. Thus cocoa, groundnuts, palm products and coton all declined in value terms in 1960. However exports of timber and natural rubber together increased in value by 12.0 per cent. In some cases the decline in value would have been much greater but for the greatly increased volumes exported. During the first half of 1960 cocoa exports increased by 5.2 per cent in volume while proceeds during the same period fell from $ 69.5 million to

$ 58.8 million — a decline of 15.4 per cent. By the end of the year cocoa exports amounted to $ 98.0 million, equivalent to a decline of 8.4 per cent over the 1959 export figure. Although exports of palm products have been doing well since 1957, the rising trend in these exports was checked in 1960. The value of these exports rose from $ 88.7 million in 1957, to $ 92.6 million in 1958 and to $ 111.4 million in 1959. Total exports of palm products in 1960 declined in value by 4 per cent — from $ 111.4 million in 1959 to $ 107.1 million. A part of the decline in tonnage exported is undoubtedly due to increasing internal consumption of palm oil and some further decline in physical exports may be expected until measures to increase production begin to make themselves felt. Exports of groundnuts declined from $ 77.0 million in 1959 to $ 61.4 million in 1960 — a 20.1 per cent decline in value terms; but groundnut oil and cake exports increased by 11.0 per cent from $ 17.7 to $ 19.6 million.

Other exports including hides and skins, beniseed, cotton seed and coffe all registered substantial increases as compared with 1959. However, the most important increases in 1960 were registered in exports of mineral ores and fuels. Tin, the leading mineral export of Nigeria, reached its high water mark in 1957 when output totalled 9,766 metric tons and exports amounted to $ 19.7 million. Exports fell in 1958 but rose again from $ 11.8 million in 1959 to $ 16.9 million in 1960. This increase of 43.4 per cent in tin exports was, in part, made possible by the temporary suspension of the limited terms of the International Tin Agreement to permit producer countries, like Nigeria, to expand exports to meet world demand. Future advances in the exports of this commodity would therefore seem to depend, in a large measure, on the decisions of the International Tin Council.[20] Petroleum, of all the minerals, has registered the greatest development since oil was discovered in commercial quantities and exports began in 1958. In that year nearly 250,000 metric tons of petroleum were exported. Exports rose to 540,000 tons in 1959 and to 860,000 tons in 1960. Export proceeds correspondingly rose from $ 2.7 million in 1958 to $ 7.6 million in 1959 and to $ 12.3 million in 1960. The prospects for petroleum are good and when the $ 34 million refinery at Port Harcourt (capacity 1 million tons of crude oil annually) comes into production Nigeria will be wholly self-sufficient in refined products and will be able to change over more quickly from coal to oil as the primary source of energy.

Coal is the most important of other mineral exports like iron ore, columbite, lead, casserite and limestone. Coal production reached a peak of 940,000 metric tons in 1958, but output fell to 750,000 tons in 1959 and to 570,000 tons in 1960. This decline is to a large extent the result of the growing petroleum industry and also the falling off in demand from African customers, particularly Ghana whose railways — a great consumer of Nigerian coal — have been switching over to diesel locomotives.

In 1959 as in 1960 the leading Nigerian imports ranged in order of importance as follows: manufactures; machinery and transport equipment; textiles; food, beverages and tobacco; basic materials and mineral fuels and chemicals. All categories of imports showed an increase in 1960 compared with 1959. Textile imports registered the greatest increase in value terms in 1960 (35.4 per cent) rising from $ 84.9 million in 1959 to $ 115 million in 1960. Chemicals came next with an increase of 21.0 per cent followed by other manufactures (19.8 per cent), machinery and transport equipment (17.8 per cent) food beverages and tobacco (12.9 per cent); basic materials and mineral fuels (8.4 per cent). The most important import group was that of capital equipment which continued to develop strongly in consonance with the country's development. The large increase in imports of transport equipment may be partly accounted for by imports of cars for the independence celebrations in October 1960. Indications are that imports of capital equipment will continue to grow in the foreseeable future. Food, beverages and tobacco have declined slightly in importance from 14.8 per cent of total imports to 14.0 per cent. This is probably due to increasing import substitution by locally produced beer and tobacco and also some processed foods. The category "basic materials and mineral fuels" also declined slightly in importance in 1960 from 7.0 per cent of total imports to 6.3 per cent.

Nigeria, like many of the other rapidly developing African countries has been experiencing an adverse balance in its visible trade in recent years and this trend is likely to continue. From 1950 to 1954 Nigeria enjoyed a favourable balance in its visible trade. This process was reversed in 1955 and in 1958 the trade deficit amounted to $ 87.0 million. It fell to $ 44.2 million in 1959 but rose sharply to $ 134.0 million in 1960. Indeed, this reversal is to be expected since with the intensification of the development process there has been a corresponding rise in the demand for imports, particularly of capital equipment, while exports have risen but at a slower rate. In the process, deficits aggregating $ 396 million have been incurred since 1955. However, the picture is not as alarming as it may appear since large inflows of foreign capital into Nigeria lessens the drain on accumulated reserves, and makes possible the financing of the high level of imports.

The balance on current account was also in surplus up to 1954, and was reinforced by capital inflows. Since 1955 the current account has shown consistent and rising deficits — $ 88.0 million in 1957, $ 113.0 million in 1958. Capital inflows have also risen steadily since 1955, but have not been enough to offset the current deficits.[21] On the evidence of a growing visible trade deficit it is reasonable to suppose that the balance of payments in 1960 has followed the pattern of recent years.

[20] Chemical Bank of New York International Economic Survey, June 1961, p. 7.

The bulk of Nigerian trade in 1959, as in previous years, was with the Sterling Area, and with the United Kingdom in particular, although this trade has declined appreciably in the post-war period. In 1959 the UK took 50.6 per cent of the total value of Nigeria's exports (down from 55.4 per cent in 1958) and supplied 45.7 per cent of its imports (up from 43.6 per cent in 1958). The corresponding figures for 1960 were 47.6 per cent and 42.5 per cent respectively. The share of Nigerian exports going to EEC countries rose from 31.0 per cent in 1958 to 34.0 per cent in 1959, and then fell to 30.2 per cent in 1960. The Netherlands accounted for most of these increases as a result of heavy imports of cocoa from Nigeria. The figures for imports from EEC countries were 18.1 per cent in 1958, 18.4 per cent in 1959, and 19.6 per cent in 1960. Nigeria's trade with the Eastern European countries and Mainland China is insignificant and does not appear to be undergoing much change. Similarly trade with other African countries was less than 1 per cent of total recorded trade in 1959.

TABLE A. II. 13.

NIGERIA: Imports by Categories 1959-1960
in thousand US Dollars

Commodity	(SITC)	1959 Value	1959 % of total	1960 Value	1960 % of total	% Change 1959/60
Food, Beverages & Tobacco	(0,1)	74,547	14.8	84,180	14.0	+12.9
Basic Materials & Mineral Fuels	(2,4,3)	34,969	7.0	37,913	6.3	+ 8.4
Chemicals	(5)	28,313	5.6	34,249	5.7	+21.0
Textiles	(6,5)	84,949	16.9	115,018	19.1	+35.4
Machinery & Transport equipment	(7)	122,792	24.4	144,592	24.0	+17.8
Other manufactures	(6,8)	149,486	29.7	179,006	29.7	+19.8
Miscellaneous	(9)	7,371	1.5	7,588	1.3	+22.9
Total imports	(0-9)	502,427	100.0	602,546	100.0	+19.9

Source: UN Yearbook of International Trade Statistics, 1959. Nigeria Trade Summary, Dec. 1960.

Ghana. The expansion of Ghana's external trade continued through 1960 when it was valued at $ 682.0 million as compared with $ 632.0 million in 1959. Imports sustained a much faster growth than exports and rose from $ 316.4 million in 1959 to $ 362.0 million in 1960 — an increase of some 14.4 per cent. In contrast exports increased only by some 2 per cent. from $ 316.0 million in 1959 to $ 320.0 million in 1960. This development resulted in a trading deficit of $ 42.0 million in 1960. Since the end of the war and until 1960, Ghana's external trade has shown continuous surpluses in the balance of visible trade, excepting small deficits in 1956 and 1957. In view of the present prospects for Ghana's main export and the flow of imports required for the country's economic development plans, it is reasonable to expect recurrent deficits in Ghana's external trade balance in the foreseeable future. This possibility appears to have been recognized in the Budget of July 1961, which introduced new tariff provisions[22] in an attempt to curb unessential imports and also to protect foreign exchange reserves which have declined by about 50 per cent since 1957. As in the case of many other primary producing countries the increase in the value of Ghana's exports during 1960 was achieved by a much larger increase in the volume of its major exports in the face of declining prices. On the other hand the average price of imports to Ghana remained stable during the period under review, while the volume of imports rose significantly. The comparative increase in the volume of exports was 18 per cent over 1959 and the figure for imports was 15 per cent.[23]

In pursuit of the expansion of its external trade Ghana concluded and/or ratified trade agreements with the Federal Repbulic of Germany, the Soviet Union and Czechoslovakia during 1960. Trade and credit agreements were also concluded with Hungary, Yugoslavia and Poland during the early part of 1961.[24] An enlargement of the trade agreement with the Soviet Union in 1961 provided, among other things, for the export of 60,000 tons of cocoa to the USSR over a five year period.

Most of the increase of $ 4.6 million in the total value of exports was accounted for by exports of logs which increased from $ 22.3 million to $ 29 million in 1960. The volume of log exports rose from 28.0 million cubic feet in 1959 to 28.9 million cubic feet in 1960. Exports of sawn timber increased from $ 14.8 million to $ 15.3 million in 1960. Total timber exports in 1960 were thus up in value by some 20 per cent over the 1959 figure. The increased value of timber exports was the result of a price rise since the volume exported in 1960

[21] Op. cit. p. 11.

[22] See Problems of Customs Administration in West Africa in Part B., page ... of this Bulletin.

[23] Ghana Economic Survey 1960 p. 83.

[24] Economist Three-Monthly Economic Review No. 34 June 1961.

TABLE A. II. 14

GHANA: Major Exports of Commodities 1959-1960
In thousand US $

Commodity	1959		1960		Percentage change 1959/60
	Value	Percent of Total	Value	Percent of Total	
Cocoa beans	192,562	61.0	186,015	58.1	− 3.4
Diamonds (uncut & unworked)	24,245	7.7	27,549	8.6	+ 13.6
Timber: Logs	22,319	7.1	29,170	9.1	+ 30.7
Sawn	14,860	4.7	15,347	4.8	+ 3.3
Manganese & Concentrates	18,978	6.0	14,493	4.5	− 23.6
Bauxite & Concentrates	1,025	0.3	1,540	0.5	+ 50.2
Copra	574	0.2	532	0.2	− 7.3
Palm Kernels	325	0.1	384	0.1	+ 18.2
Other Commodities	9,458	3.0	14,266	4.5	+ 50.8
Gold	31,360	9.9	31,049	9.7	− 1.0
Total	315,706	100.0	320,345	100.0	+ 1.5

Source: Monthly Accounts Relating to External Trade of Ghana, December, 1959 & 1960.

showed only a moderate increase over 1959. Diamond exports rose by $ 3.3 million to $ 27.5 million in 1960 and were 175,000 carats higher than in the previous year. Improved demand for diamonds reflected difficult supply conditions in the Republic of the Congo (Leopoldville), the world's major producer of industrial diamonds. Bauxite exports were up both in volume and value and represented a mere 0.3 per cent of total exports; but exports of manganese, while showing a slight increase in volume actually declined in value. Gold exports were stationary both in value and volume terms.

Cocoa, which accounted for 58.0 per cent of the value of total exports, increased in volume by about 21 per cent, but owing to a fall of about 20 per cent in the average price, total export receipts for this commodity fell by 3.4 per cent. Cocoa prices have been steadily declining in recent years owing to a continued discrepancy between the growth of production and the growth of consumption. This downward trend in cocoa prices has been a matter of great concern to producers and an attempt is being made to establish an international quota agreement on the lines of the agreement now in operation for sugar. It would appear, however, that the problem at present facing the cocoa industry is one of a steady downward trend in prices resulting from the excess of production over consumption. If this proves to be a real long term problem, then a quota agreement may not be the complete solution. The increase in Ghana exports for the year 1960 also included a $ 2.8 million increase in re-exports of miscellaneous manufactured products, mainly to the Ivory Coast.[25]

Almost all import groups showed an increase in 1960, but the greatest increase was in the category of machinery and transport equipment, which rose by 31.7 per cent in value and 53 per cent in volume terms. The major increases within this category were in imports of non-electrical machinery and appliances, which more than doubled in value; and motor vehicles, rolling stock and agricultural machinery, which increased nearly six times. This category dominates all others in terms of value and reflects the accentuation of a trend noticeable since 1958 when its share in the total value of imports was only 18.0 per cent. In 1959 this category was second in importance with a share of 23 per cent. In 1960 it led the field with a share of 26.1 per cent and indications are that it will maintain its lead in the import package, in consonance with the country's development plans. Next in importance was the category 'other manufactures', which registered an increase of 11.2 per cent and represented 25.3 per cent of total imports. Food, beverages and tobacco were third in importance with a share of 19.2 per cent of the total value of imports and showed an increase of 6.0 per cent over 1959. In this category 'beverages and tobacco' actually declined both in volume and value terms due to a significant degree of import substitution, particularly of unmanufactured tobacco. Food imports increased much more in volume terms owing to a lower average price and was spread over almost all commodities, except those few which are produced locally on a substantial scale. Ghana's dependence on food imports, like that of some other African countries, will continue until a substantial degree of agricultural diversification and processing is achieved to enable wider import substitution.[26]

The decline in the share of textiles in the total value of imports was a small one although imports in this category actually increased by some 10.2 per cent.

[25] With the new Ghana tariff, which is generally higher for some goods than in neighbouring countries, this trade will tend to move in a reverse direction.

[26] See Economic Bulletin for Africa, Vol. I No. 1.

Within the category of mineral fuels, imports of gas oil continued to increase as a substitute for coal which decreased in import value from $ 1.1 million to $ 0.6 million. Gas oil imports increased from $ 4 million to $ 5.5 million. On the whole there was a general trend towards an increase in the imports of both capital and consumption goods, but it is also clear that there was some reduction of imports due to import substitution.

Ghana's external trade with the Sterling Area continues to be the most important, although the Area's share of Ghana's trade has been declining in recent years. The share of imports from the Sterling Area fell from 46.6 per cent in 1959 to 41.7 per cent in 1960, while exports to the Area rose only slightly from 34.8 per cent of total exports in 1959 to 36.0 per cent in 1960. During the period under review the United Kingdom remained Ghana's most important trading partner, with a share of some 40.0 per cent of total Ghana trade in 1959 and 34.0 per cent in 1960. The EEC countries constitute the second most important trading partner of Ghana. In 1959 this group supplied 22.3 per cent of Ghana's imports and bought 37.8 per cent of its exports. In 1960 imports from the group rose by 3.3 per cent while exports to them fell by 2.7 per cent. In absolute terms the share of imports from EEC countries increased quite considerably, rising from $ 60.6 million to $ 92.7 million in 1960, while exports declined by $ 2.1 million. The share of the Dollar Area fell slightly in 1960 for both imports and exports, the sharper decrease in the share of exports being the result of the decrease in the purchase of cocoa by the U.S.A.

Trade with African countries registered a significant increase, the share of imports from these countries increasing by 10 per cent and exports to them by 75 per cent. Owing to the ban imposed in the second half of 1960 on trade with South Africa, formerly Ghana's most important supplier of manufactures in Africa, imports from the Union declined considerably. Apart from the Union, Upper Volta, Togo, Ivory Coast and Nigeria maintained their position as Ghana's most important African trading partners.

The most significant development in the direction of Ghana's external trade in 1960 was the increasing trading relations with the centrally planned economies of Eastern Europe and Mainland China. Imports from these countries increased by 47 per cent while exports to them nearly trebled. Admittedly the share of these countries in Ghana's trade is still quite small (5.2 per cent in 1959; 11.0 per cent in 1960), but there is every indication that this trade will grow in importance.[27]

TABLE A. II. 15.

GHANA: Imports by Categories 1959-160.

in thousand US Dollars

Category	SITC Section/ Division	1959 Value	1959 Percent of Total	1960 Value	1960 Percent of Total	1959/60 Percentage Change
Food, beverages & tobacco	0,1	65,479	20.7	69,418	19.2	+ 6.0
Basic Materials & Mineral Fuels	2,3,4	19,099	6.0	20,590	5.7	+ 7.8
Chemicals	5	25,162	8.0	25,815	7.1	+ 2.6
Textiles	65	50,026	15.8	55,152	15.2	+10.2
Machinery & Transport equipment	7	71,696	22.7	94,406	26.1	+31.7
Other Manufactures	6,8	80,472	25.4	91,662	25.3	+13.9
Miscellaneous	9	4,528	1.4	5,037	1.4	+11.2
Total	0-9	316,462	100.0	362,080	100.0	+14.4

Source: Monthly Accounts Relating to the External Trade of Ghana, December 1959 and 1960.

Ivory Coast. Exports from the Ivory Coast in 1960 increased by 10.3 per cent in value terms and 41.6 per cent in volume terms compared with 1959. Thus the decline in world prices for most agricultural products in 1960 led to a considerable slowing down of the expansion in the value of Ivory Coast exports. Exports oustide the former French West African countries were one million tons valued at $ 151.2 million as against 0.7 million tons and $ 137.0 million in 1959. The rise in the volume of exports by 41.6 per cent was mainly accounted for by an increase in timber exports of 0.2 million tons while the increase in value by 10.3 per cent was spread over many products. Coffee exports, which accounted for about 50 per cent of total exports, increased from 112,505 tons ($ 64.8 million) in 1959 to 147,488 tons ($ 75.7 million) in 1960. While the difficulties of finding markets were less than in previous years, prices, nevertheless, remained weak during 1960. Shipments of coffee increased by 35,000 tons and the value of coffee exports increased by $ 10.9 million. Cocoa exports in 1960 remained stationary at 63,000

[27] See p. A22, para 2.

TABLE A. II. 16.

IVORY COAST: Majir Exports by Commodities 1959-1960
in thousand US Dollars

Commodity	1959 Value	1959 % of Total	1960 Value	1960 % of Total	% Change 1959/60
Coffee, raw	64,836	47.3	75,673	50.1	+16.7
Cocoa beans	42,997	31.4	35,317	23.4	−11.1
Timber	16,342	11.9	25,708	17.0	+57.3
Bananas	4,335	3.2	5,157	3.4	+19.0
Palm Kernels & Palmiste	1,993	1.5	2,358	1.6	+18.3
Diamonds	1,515	1.1	1,385	0.9	− 8.6
Palm oil	361	0.3	421	0.3	+16.6
Others	4,630	3.4	5,197	3.4	+13.1
Total	137,009	100.0	151,220	100.0	+10.3

Source: Bulletin Mensuel de la Statistique d'outre-mer, September 1960.

tons but fell in value by $ 7.7 million to $ 35.3 million. Coffee and cocoa still constitute the bulk of Ivory Coast exports, accounting for 73.5 per cent of total exports. However, the relative share of cocoa is declining while that of coffee showed only a moderate increase in 1960. On the other hand timber exports have been steadily increasing and represented 17.0 per cent of total exports in 1960 (1951 — 8 per cent; 1958 — 10.6 per cent; 1959 — 12.0 per cent). Timber shipments in 1960 were 655,000 tons ($ 25.7 million) compared with 444,000 tons in 1959 ($ 16.3 million) — increases of 47.4 per cent and 57.3 per cent in volume and value terms respectively. World prices are likely to remain high and exports prospects are good. In January 1961 timber exports were 22,000 tons higher than in the same month in 1960. Although exports of bananas rose from 54,000 tons in 1959 to 73,000 tons in 1960 the fall in prices led to an increase in value of only $ 0.8 million to $ 5.2 million. Prices are likely to decline further with competition in export markets becoming keener as production begins to outrun demand. Exports of palm products rose 18 per cent but are still of little relative importance, accounting, as they did, for only 1.9 per cent of total exports in 1960.

Imports (excluding those from former French West Africa) increased 2.1 per cent in volume and 4.7 per cent in value terms and totalled 570,000 tons ($ 120.0 million) in comparison with the 559,000 tons ($ 115.0 million) in 1959. Food imports declined slightly in 1960, but imports of basic materials and mineral fuels fell by 5 per cent. Textiles imports increased by 9.7 per cent from $ 15.3 million in 1959 to $ 16.8 million in 1960. Machinery and transport equipment declined marginally by 0.6 per cent in 1960. Imports of other manufactures increased by 11.8 per cent and represented 28.8 per cent of the total value of imports in 1960.

The direction of Ivory Coast's trade remained almost the same in 1960 as in 1959. The share of exports to France, the Ivory Coast's most important trading partner, in total exports fell slightly to 61.4 per cent in 1960 (61.8 per cent in 1959) but its share in total imports continued to rise from 65.0 per cent in 1958 to 67.1 per cent in 1959 and 72.0 per cent in 1960. Over the same period the share of imports from other EEC countries has declined from 13.3 per cent in 1958 to 8.4 per cent in 1960, while their share of exports have been increasing steadily. The share to other members of the Franc Area has fallen quite steeply from 12.6 per cent in 1957 to 2.2 per cent in 1960, while their share of imports fell more gently from 4.0 per cent in 1959 to 3.3 per cent in 1960 (1959 — 6.0 per cent). The US shares in both exports and imports have changed only relatively slightly since 1958. Trade with Africa was confined mainly to the countries of the former French West Africa where it amounted to $ 17.1 million or somewhat over 6 per cent of the total trade with all countries outside the former French West Africa.[28] Of this total exports accounted for $ 6.0 million and imports totalled $ 11.1 million.

The excess of exports over imports was 40 per cent higher than in 1959 having risen from $ 22.3 million in 1959 to $ 31.3 million in 1960. The Ivory Coast, registered surplus balances in its visible trade with the Franc Area, — excluding former French West Africa — ($ 6.1 million), the Dollar Area ($ 16.5 million) and a surplus of $ 11.9 million with other countries, excluding those of the Sterling Area. Trade Trade with the Sterling Area — as has been the trend since 1957 — was again in deficit in 1960 to the tune of $ 3.2 million although the 1960 deficit was considerably smaller than in 1958 ($ 5.4 million) and 1959 ($ 7.2 million). The trade balance with the countries of the former French West Africa was in deficit in 1960 as in 1959, but in the former year the deficit was a little smaller — ($ 5.2 million as compared with $ 5.5 million in 1959).

[28] Bulletin Mensuel, Chambre de Commerce de la Republique de Cote d'Ivoire, No. 5, March 1961.

TABLE A. II. 17

IVORY COAST: Imports by Categories 1959-1960
in thousand US Dollars

Commodity[a]	(SITC)	1959 Value	1959 % of Total	1960 Value	1960 % of Total	% Change 1959/60
Food, Beverages & Tobacco	(0,1)	21,482	18.7	20,377	17.0	− 5.1
Basic Materials & Mineral Fuels	(2,4,3)	8,385	7.3	7,972	6.6	− 4.9
Chemicals	(5)	6,425	5.6	7,648	6.4	+19.0
Textiles	(65)	15,289	13.3	16,767	14.0	+ 9.7
Machinery & Transport equipment	(7)	32,019	28.1	31,817	26.5	+ 0.6
Other Manufactures	(6,8)	30,871	26.9	34,502	28.8	+11.8
Miscellaneous	(9)	120	0.1	871	0.7	—
Total	(0-9)	114,592	100.0	119.954	100.0	+ 4.7

[a] Commodity classifications are approximate.
Source: Bulletin Mensuel de Statistique de la Cote d'Ivoire, February 1961.

CAMEROUN. Cameroun's total exports amounted to $ 97.0 million in 1960 as against $ 108.4 million in 1959. Almost all items showed a decline in 1960 but the 10.5 per cent decrease in the value of exports was due mainly to the decline in the proceeds from cocoa and coffee exports. Owing to falling prices cocoa exports declined in value by $5.0 million (14.0 per cent) in 1960 in spite of an increase in volume by 5,400 tons. Coffee exports fell less heavily in value but were down by 8.0 per cent from the 1959 level. Bananas, which have been severely hit by the effects of political unrest, showed the greatest decline in export value from $ 3.8 million (58,000 tons) in 1959, to $ 2.4 million (36,000 tons) in 1960. Exports of palm products fell by 39.0 per cent in value terms, but these commodities are of relatively little importance in the export picture. Exports of aluminium rose from $ 16.8 million in 1959 to $ 17.8 million in 1960, and exports of timber, lumber and cocoa butter also registered moderate increases.

The total value of imports increased slightly in 1960 and the trade surplus fell from $ 26.8 million in 1959 to $ 12.6 million in 1960. Imports of food, beverages and tobacco, which continue to run at a relatively high level, fell slightly, but basic materials and mineral fuels increased considerably (40.7 per cent) as well as imports of manufactures (32.9 per cent). Chemical imports showed the greatest decline with a drop of 61.3 per cent in 1960. Imports of miscellaneous items decreased by $ 6.6 million.

Trade with the EEC group of countries is the most important. Exports to this group of countries

TABLE A. II. 18

CAMEROUN: Major Exports by Commodities 1959 - 1960
In thousand US Dollars

Commodity	1959 Value	1959 % of total	1969 Value	1969 % of total	% change 1959/60
Cocoa bean	37,968	35.0	32,837	33.8	−13.5
Coffee beans	20,285	18.7	18,671	19.2	− 8.0
Cotton, raw	4,353	4.0	4,241	4.4	− 2.6
Bananas, fresh	3,784	3.5	2,378	2.5	−37.2
Palm kernels	3,618	3.3	2,171	2.2	−40.0
Palm oil	158	0.1	128	0.1	−19.0
Rubber, crude	2,636	2.4	2,568	2.6	− 2.6
Groundnuts, shelled	839	0.8	547	0.6	−34.8
Tobacco in leaves	856	0.8	531	0.5	−38.0
Wood, round and squared	3,357	3.1	3,763	3.9	+12.1
Wood in planks	928	0.9	729	0.8	−21.4
Aluminium	16,799	15.5	17,833	18.4	+ 6.2
Cocoa, butter, fat & oil	3,532	3.3	2,706	2.8	−23.4
Hides, raw	386	0.4	446	0.5	+15.5
Other	8,933	8.2	7,477	7.7	−16.3
Total	108,432	100.0	97,026	100.0	−10.5

Source: Bulletin de la Statistique Generale, Sept. 1960 and Jan. 1961.

represented 77.9 per cent and 75.1 per cent of the total value of exports in 1958 and 1959 respectively, and imports from these countries were 70.9 per cent and 70.3 per cent of total imports. In 1960 the EEC countries accounted for a slightly less proportion of exports from and imports to Cameroun. France continues to be the most important trading partner of Cameroun, supplying 62.6 per cent and 60.9 per cent of imports in 1958 and 1959 respectively, and taking 62.5 per cent and 53.0 per cent of exports for the same years respectively. The share of trade with the Sterling and Dollar Areas is small but exports to the latter increased sharply between 1958 and 1959. On the other hand trade with the USSR declined sharply from 1958 to 1960, exports to that country declining from 8,000 tons (7.1 million US $) in 1958 to 375 tons ($ 0.2 million) in 1960, while imports from the Soviet Union were negligible. Trade with African countries accounted for 6.5 per cent and 8.2 per cent of total imports in 1958 and 1959 respectively and 6.0 per cent and 6.4 per cent of total exports for the same periods.

TABLE A.II.19

CAMEROUN: Imports by Categories 1959-1960
In thousand US Dollars

Commodity[a]	(SITC)	Value 1959	% of total 1959	Value 1960	% of total 1960	1959/60 % change
Food, Beverages & Tobacco	(0,1)	16,429	20.1	15,147	17.9	− 7.8
Basic Materials & Mineral Fuels	(2,3,4)	7,962	9.8	11,205	13.3	+40.7
Chemicals	(5)	11,351	13.9	4,394	5.2	−61.3
Textiles	(65)	7,094	8.7	7,949	9.4	+12.1
Machinery & Transport equipment	(7)	15,276	18.7	15,546	18.4	+ 1.8
Other Manufactures	(6,8)	22,375	27.4	29,729	35.2	+32.9
Miscellaneous	(9)	1,154	1.4	491	0.6	−57.5
Total	(0-9)	81,641	100.0	84,461	100.0	+ 3.5

[a] Commodity classifications are approximate.
Source: Bulletin de la Statistique Générale, Sept. 1960 and Jan. 1961.

GUINEA. Guinea's external trade in 1960 increased by about $ 16.2 million as compared with 1959. In the latter year Guinean exports amounted to only $ 28.8 million while imports were more than 100 per cent higher than exports at $ 62.0 million, resulting in a trade deficit of $ 33.1 million. In 1960, owing to an increase of almost 100 per cent in the value of exports ($ 55.1 million) and a decline in imports to $ 49.9 million, there was a trade surplus of $ 5.2 million. The improvement in exports was acounted for mainly by increases in the export of iron ore and bauxite. Exports of iron ore rose sharply from 189,000 tons in 1959 to 727,000 tons in 1960. Almost all exports of iron ore, except the 17,000 tons exported to Eastern Germany, went to countries outside Eastern Europe and Mainland China. Bauxite exports totalled 700,000 tons valued at $ 4.6 million compared with 300.000 tons valued at $ 1.8 million in 1959. Guinea also exported 171,000 tons of alumina to the following countries: France (60,000 tons), Cameroun (54,000 tons), Norway (37,000 tons) and Canada (20,000 tons).

The decline in imports in 1960 was the result partly of the tapering off of imports of machinery and construction materials required for the FRIA projects, and partly the result of the difficulties experienced in the operation of the state trading agencies. However, in view of the many development projects envisaged in the government's plans it is expected that imports will resume their upward trend.

The shift of Guinean trade away from the Franc Area to Eastern Europe and Mainland China,[29] which began in 1958/59, was intensified in 1960. According to the latest Guinean figures[30] Eastern Europe and Mainland China acounted for 44.2 per cent of Guinea's imports and 22.9 per cent of exports in 1960 (9.3 per cent and 16.2 per cent in 1959). The Franc Area accounted for 37.4 per cent of imports and 40.8 per cent of exports (73.7 per cent and 51.4 per cent in 1959). Czechoslovakia was the largest Eastern European supplier of Guinean imports with $ 9.0 million out of Eastern Europe's total of 22.0 million, followed by the USSR ($ 5.2 million), and Eastern Germany ($ 3.5 million). Mainland China's exports to Guinea amounted to only $ 0.6 million. Guinean exports to this group of countries amounted to $ 12.6 million, with the USSR taking the greatest share ($ 3.9 million), followed by Eastern Germany ($ 3.8 million), Czechoslovakia and Poland.

The shift of Guinea's trade to Eastern Europe is hardly surprising since it is buttressed by a series of trade agreements with that part of the world. According to details on foreign aid released by the

[29] See Economic Bulletin for Africa, Vol. I, No. 1, p. 29.
[30] Economist Intelligence Unit Three-Monthly Economic Review, No. 7, September, 1961.

Government of Guinea at the end of 1960 long-term trade agreements of varying duration and amounting to $ 105 million have been negotiated with the Eastern European countries and Mainland China.[31] Trade agreements have also been signed with Ghana, UAR, Yugoslavia and West Germany.

TABLE A. II. 20

LIBERIA: Major Exports by Comodities, 1959-1960.
In thousand US Dollars

Commodity	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/60
Natural rubber and gum	30,727	45.9	39,060	47.3	+27.1
Iron Ore and concentrates	28,249	42.2	34,642	41.9	+22.6
Palm Kernels	2,260	3.4	1,952	2.4	−13.6
Industrial diamonds	2,120	3.2	2,299	2.8	+ 8.4
Coffee	644	1.0	539	0.7	−16.3
Cocoa	540	0.8	507	0.6	− 6.1
Piassava	187	0.3	369	0.4	+97.3
All others	2,165	3.2	3,241	3.9	+49.7
Total	66,892	100.0	82,609	100.0	+23.5

Source: Exports of Merchandise for Consumption by Commodity Groups, 1959 and 1960. UN Yearbook of International Trade Statistics, 1959.

LIBERIA. Liberian exports increased considerably in 1960 and were 23.5 per cent above the 1959 level (from $ 66.9 million in 1959 to $ 82.6 million in 1960). Imports rose even faster by 61.2 per cent and amounted to $ 69.8 million in 1960 compared with $ 42.9 million in 1959. Thus although the surplus on visible trade declined in 1960 it was still quite substantial at $ 13.4 million compared with $ 24.0 million in 1959 and $ 15.3 million in 1958. Exports of rubber and iron ore, the major exports of Liberia, registered the greatest increases in 1960 — 27.1 per cent and 22.6 per cent respectively over the 1959 levels. Almost all the rubber exports went to the United States while iron ore was exported mainly to West Germany. In volume terms rubber exports rose from 97.9 million pounds in 1959 to 106.7 million pounds in 1960 and iron ore exports went up from 2.7 million tons to 2.9 million tons. The value of rubber exports in 1960 was $ 39.1 million compared with $ 30.7 million in 1959 and that of iron ore was $ 34.6 million compared with $ 28.2 million. Exports of industrial diamonds were up 8.4 per cent in value terms, but palm kernels, coffee and cocoa all declined in value terms by 13.6 per cent, 16.3 per cent and 6.1 per cent respectively.

All categories, except textiles, shared in the increase in imports in 1960. As a result of the activities of the large iron ore concerns in Liberia, imports of machinery and transport equipment increased from $ 10.4 million in 1959 to $ 23.3 million in 1960, and of chemicals from $ 2.7 million to $ 4.7 million. Imports of manufactures rose by 52.9 per cent from $ 14.6 million in 1959 to $ 22.3 million in 1960.

[31] Economist Intelligence Unit Three-Monthly Economic Review No. 7, September, 1961.

TABLE A. II. 21

LIBERIA: Major Imports by Categories 1959-1960
In thousand US Dollars

Commodity	(SITC)	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/60
Food, Beverages & Tobacco	(0,1)	7,845	18.3	11,003	15.9	+40.3
Basic Materials & Mineral Fuels	(2,4,3)	3,185	7.4	3,581	5.2	+12.4
Chemicals	(5)	2,684	6.3	4,715	6.8	+75.7
Textiles	(65)	4,133	9.6	3,917	5.7	− 5.2
Machinery & Transport equipment	(7)	10,435	24.3	23,331	33.7	+123.6
Other Manufactures	(6,8)	14,588	34.0	22,303	32.2	+52.9
Miscellaneous	(9)	38	0.1	341	0.5	+797.4
Total	(0-9)	42,909	100.0	69,190	100.0	+61.2

Source: Imports of Merchandise for Consumption by Commodity Groups 1959 and 1960. UN Yearbook of International Trade Statistics, 1959.

Food imports increased by 40.3 per cent in 1960 although its share in total imports fell from 18.3 per cent in 1959 to 15.9 per cent in 1960. Indications are that the high level of imports will be maintained in subsequent years, particularly in the category of machinery and transport equipment.

Liberia's trade is heavily oriented to the Dollar Area and to the USA in particular. In 1958 nearly 74.0 per cent of the total value of exports went to the Dollar Area and Liberia's dollar imports in the same year were 56.1 per cent of total imports. In 1959 the percentages were 63.8 per cent and 47.1 per cent respectively. The decrease in Liberia's trade with the Dollar Area is explaind by the slight shift in trade which went to the EEC countries and the United Kingdom. Trade with the EEC group of countries ranks next in importance to that with the Dollar Area. In 1959 this group absorbed 27.7 per cent of Liberian exports (21.8 per cent in 1958) and supplied Liberia with 20.0 per cent of its imports (21.9 per cent in 1958). Trade with the UK amounted to 7.6 per cent exports (3.2 per cent in 1958) and 11.9 per cent of total imports (8.3 per cent in 1958) in 1959. Trade with African countries is small and consists mainly of imports which represented 2.6 per cent of total imports in 1959 (exports 0.2 per cent). Trading relations with Eastern Europe and Mainland China are practically non-existent.

(iii) South and East Africa

ETHIOPIA: Ethiopian exports and imports continued to rise through 1960 in value terms, but while the increase in the value of exports was much greater than the increase in the value of imports, the level of imports in absolute terms was still higher than that of exports. Consequently for the third year in succession Ethiopia experienced a trade deficit in 1960. However, this deficit was slightly smaller than that of 1959 owing to the good performance of the export sector. The increase in the value of exports was achieved by an 8.0 per cent increase in volume of exports in 1960 in the face of a 2.0 per cent decline in the unit value of exports. On the other hand the unit value of imports remained stationary while volume increased by 5.0 per cent. The 7.7 per cent increase in the value of exports was spread over a wide range of commodities. Coffee, the most important export commodity, increased by 6.8 per cent in value terms and represented 55.4 per cent of the value of exports in 1960 compared with 55.9 per cent in 1959. Owing to the decline of coffee prices in 1960 the increase in the value of coffee exports reflected a much greater increase in the volume of coffee exported. Exports of oilseeds, pulses, canned meat and hides also contributed to the increase in exports in 1960.

TABLE A. II. 22

ETHIOPIA: Major Exports by Commodities 1959-1960
In thousand US Dollars

Commodity	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/69
Coffee	39,528	55.9	42,222	55.4	+ 6.8
Skins: goats	3,570	5.0	1,649	2.2	−53.8
Lentils	3,634	5.1	5,660	7.4	+55.8
Chat	3,067	4.3	2,835	3.7	− 7.6
Hides: undressed	3,531	5.0	3,080	4.0	−12.8
Skins: sheep	2,642	3.7	2,684	3.5	+ 1.6
Horse beans	1,597	2.3	2,006	2.6	+25.6
Linseed	1,391	2.0	2,311	3.0	+66.1
Sesame and Noug	1,432	2.0	1,992	2.6	+39.1
Oil Cake	718	1.0	637	0.8	−11.3
Castor Seed	522	0.7	527	0.7	+ 1.0
Groundnuts	420	0.6	562	0.7	+33.8
Bees Wax	471	0.7	620	0.8	+31.6
All others	8,215	11.6	9,399	12.3	+31.6
Re-exports	(1,377)	—	(1,339)	—	(+ 2.8)
Total	70,738	100.0	76,184	100.0	+ 7.7

Source: Economic Review of Ethiopia, Vol. I, No. 4, August 1961.

The bulk of Ethiopian imports in 1960 consisted of non-durable consumer goods which accounted for 62.0 per cent of the total value of imports. The increase in this category of imports was mainly the result of unusually high imports of food grains following crop failures in 1959 and 1960. Textile imports increased in value by 14.5 per cent in spite of increased local production of cotton piece goods. This development was the result partly of a slight increase in consumption and partly the result of a shift in demand from cheaper to more expensive lines of textile imports. Imports of machinery and transport equipment, although still at a high level, fell by 11.4 per cent in value terms in 1960 compared with 1959,

3

although imports of basic materials and mineral fuels and chemicals all increased in value in 1960.

The Dollar Area remains the most important customer of Ethiopia. Exports to the Dollar Area accounted for 44.0 per cent of total exports in 1958, 26.0 per cent in 1959 and 38.0 per cent in 1960. Imports from the same Area were at a lower level and represented 16.0 per cent, 10.0 per cent and 15.0 per cent of total imports in 1958, 1959 and 1960 respectively. On the other hand the EEC group of countries is Ethiopia's most important supplier, accounting for 32.0 per cent of total imports in 1958, 34.0 per cent in 1959 and 31.0 per cent in 1960. Trade with the UK is small and appears to be on the decline, while trade with the Eastern European countries, although at present on a small scale, is increasing. Trade with the rest of Africa, which rose to 6.1 per cent of total imports and 16.6 per cent of total exports in 1959, dropped sharply in 1960 and accounted for only 2.3 per cent of total imports and 6.9 per cent of total exports in the latter year. The drop in trade with the rest of Africa was due largely to the reduction in trade with Sudan following the Sudan's switch to Uganda as its main supplier of coffee.

TABLE A. II. 23

ETHIOPIA: Imports by Categories 1959-1960
In thousand US Dollars

Commodity[a]	(SITC)	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/60
Food, Beverages & Tobacco	(0,1)	8,452	10.4	8,742	10.2	+ 3.4
Basic Materials & Mineral Fuels	(2,4,3)	11,661	13.9	14,027	15.9	+20.3
Chemicals	(5)	3,804	4.5	4,754	5.4	+25.0
Textiles	(65)	17,953	21.4	20,550	23.3	+14.5
Machinery & Transport equipment	(7)	24,339	29.0	21,564	24.4	−11.4
Other Manufactures	(6,8)	17,771	21.2	18.698	21.2	+ 5.2
Total	(0-9)	83,980	100.0	88,335	100.0	+ 5.2

[a] Commodity classifications are approximate.
Source: Ethiopian Economic Review Vol. I, No. 4, Agust 1961.

BRITISH EAST AFRICA: Although political conditions in British East Africa continued to be unsettled total trade — excluding about $ 56.0 million worth of inter-territorial trade — and in particular imports, was on the increase in 1960 as compared with 1959. In Kenya exports rose by 4.7 per cent from $ 107.5

TABLE A. II. 24

BRITISH EAST AFRICA: Major Exports by Commodities, 1959-1960
Million US $

Commodity	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/69
Kenya					
Coffee	29.7	27.6	28.8	25.6	− 4.3
Tea	10.1	9.4	12.3	10.9	+30.9
Sisal	9.8	9.1	12.9	11.5	+41.8
Pyrethrum flowers & extract	6.2	5.8	8.4	7.5	+44.8
Total (inc. Others)	107.5	100.0	120.1	100.0	− 0.7
Uganda					
Coffee	52.4	43.3	47.6	39.6	− 9.2
Cotton	43.2	35.7	41.7	34.7	− 3.5
Copper	7.8	6.4	10.4	8.7	+33.3
Total (inc. Others)	121.0	100.0	120.1	100.0	− 0.7
Tanganyika					
Sisal	36.7	27.8	43.1	27.2	+17.3
Coffee	16.0	12.1	20.4	12.9	+27.5
Cotton	18.8	14.2	24.6	15.5	+30.9
Diamonds	12.6	9.5	13.2	8.3	+ 4.8
Hides and Skins	5.3	4.0	5.0	3.2	− 5.7
Total (inc. Others)	132.2	100.0	158.5	100.0	+19.9

Sources: Economist Intelligence Unit Three-Monthly Economic Review, Annual Supplement, July 1961.

million in 1959 to $ 112.6 million in 1960, and imports increased much faster from $ 172.2 million to $ 196.3 million. Re-exports, however, decreased slighthly from $ 14.3 million in 1959 to $ 14.0 million in 1960. Similarly, exports from Tanganyika increased by 20.0 per cent and imports by 10.0 per cent — re-exports were negligible. On the other hand Uganda registered a slight decline of 0.7 per cent in the total value of exports and a much smaller increase in the value of imports in 1960 than was the case for the other two territories of the group. The visible trade balances of Uganda and Tanganyika were in surplus in 1960 by $ 47.3 million and $ 52.6 million respectively. In 1959 Uganda had a deficit of $ 49.6 million and Tanganyika a surplus of $ 35.6 million. Kenya's balance was in deficit by $ 19.0 million more than the deficit in 1959 which amounted to $ 64.7 million. Coffee exports from the three territories of British East Africa declined from $ 98.1 million in 1959 to $ 96.8 million in 1960. Coffee exports from Kenya and Uganda declined in value while those from Tanganyika increased 27.5 per cent in 1960. The increase of 6.9 per cent in the value of cotton exports from the area in 1960 was accounted for by exports from Tanganyika which rose by 30.9 per cent, while exports from Uganda declined by 3.5 per cent. The increase in tea exports accrued mainly to Kenya which enhanced its exports by 30.9 per cent in 1960. Sisal exports also increased in value for each of the two main exporters in the group — Kenya and Tanganyika. Copper exports from Uganda was up 33.3 per cent in value, while diamond exports from Tanganyika rose slightly by $ 0.6 million. Meat products from Kenya, which was about 5.2 per cent of total exports in 1959 and 1960, declined by 7.2 per cent. Exports of hides and skins rose in value of Kenya and Uganda but fell for Tanganyika.

Imports into British East Africa increased from $ 340.2 million in 1959 to $ 374.9 million in 1960, with all three territories sharing in the increase in imports. Food imports into Kenya and Uganda declined significantly from 1959 to 1960, while similar imports into Tanganyika stood at $ 7.3 million for 1959 as well as 1960. Imports of manufactures were up 19.6 per cent and 5.1 per cent for Kenya and Tanganyika respectively while this category of imports to Uganda were stationary at $ 26.6 million in 1960. Imports of machinery and transport equipment registered sharp increases for Kenya and Tanganyika but showed only a moderate rise of 5.7 per cent for Uganda. Tanganyika, whose exports are rising rapidly, appears to be strongest market for general industrial and electrical machinery.

British East Africa's trade with the UK is the most important but it has been declining in terms of total trade in recent years. In 1958 and 1959 imports from the UK accounted for roughly 37.0 per cent of total imports into British East Africa. Exports to the UK were 25.8 per cent and 26.8 per cent respectively. In 1960 the share of exports to the UK in total exports fell to 19.7 per cent and that of imports to 28.6 of the total value of imports. On the other hand the EEC countries have been improving their relative share of the area's exports and imports although there has been some fluctuation with regard to the component territories of the area.

TABLE A. II. 25

BRITISH EAST AFRICA: Major Imports by Selected Categories, 1959-1960

Commodity	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/69
Kenya					
Food, Beverages & Tobacco	16.5	9.6	12.9	6.6	−23.6
Mineral Fuels	21.0	12.6	22.4	11.4	+ 6.7
Manufactures	50.1	29.1	59.9	30.5	+19.6
Machinery & transport equip.	47.3	27.5	58.8	30.0	+24.3
Total (incl. Others)	172.2	100.0	196.3	100.0	+14.0
Uganda					
Food Beverages & Tobacco	3.6	5.0	3.1	4.3	−13.9
Mineral Fuels	5.9	8.3	5.9	8.1	—
Manufactures	26.6	37.3	26.6	36.5	—
Machinery & transport equip.	19.3	27.0	20.4	28.0	+ 5.7
Total (incl. Others)	71.4	100.0	72.8	100.8	+ 2.0
Tanganyika					
Food, Beverages & Tobacco	7.3	7.6	7.3	6.9	—
Mineral Fuels	10.4	10.8	10.9	10.3	+ 4.8
Manufactures	37.0	38.3	38.9	36.8	+ 5.1
Machinery & transport equip.	25.5	26.4	30.5	28.8	+19.6
Total (incl. Others)	96.6	100.0	105.8	100.0	+ 9.5

Sources: Economist Intelligence Unit Three-Monthly Economic Review, Annual Supplement, July 1961.

FEDERATION OF RHODESIA AND NYASALAND: The value of exports from the Federation of Rhodesia and Nyasaland increased by 9.5 per cent in 1960 as compared with 1959, rising from $ 512.0 million to $ 560.3 million. Imports on the other hand increased by only 4.0 per cent. These movements led to a higher surplus in the balance of visible trade in 1960 than the 1959 balance — $ 120.1 million as against $ 91.3 million in 1959. The increase in exports in 1960 was largely due to a record volume of copper exports coupled with a higher average price for copper than in 1959. As in the previous year copper and tobacco were the main exports from the Federation and accounted for 60.0 per cent and 19.0 per cent respectively of total exports. The increase in the value of copper and tobacco exports in 1960 was about 11.0 per cent in each case but the shares of these commodities in total exports were only slightly higher than those for 1959 — 59.0 per cent and 18.0 per cent respectively. Most of the copper exports came from Northern Rhodesia while the most valuable mineral products from Southern Rhodesia were asbestos and gold. With the exception of lead and zinc alloys all other minerals — chromium ore, cobalt and ferra-chrome alloys — declined in value in 1960 as compared with 1959.

TABLE A. II. 26

RHODESIA AND NYASALAND: Major Exports by Commodities, 1959-1960

Commodity	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/69
Copper	302,949	59.2	334,880	59.8	+10.5
Tobacco unmanufactured	93,705	18.3	103,600	18.5	+10.6
Asbestos: crude	19,928	3.9	23,520	4.2	+18.0
Chromium ore	10,304	2.0	9,856	1.8	− 4.3
Zinc alloys	6,188	1.2	6,743	1.2	+ 9.3
Cobalt metal	5,317	1.0	4,120	0.7	−22.5
Maize unmilled	5,975	1.2	563	0.1	−90.6
Tea	7,958	1.6	10,742	1.9	+35.0
Cattle hides	3,472	0.7	2,940	0.5	−15.3
Lead & alloys: unwrought	2,363	0.5	2,423	0.4	+ 2.5
Ferrachromium alloys	3,483	0.7	3,280	0.6	− 5.8
Groundnuts	2,478	0.5	3,898	0.7	+57.3
Others	47,600	9.3	53,779	9.6	+13.0
Gold[a]	(19,407)		(19,491)		+ 0.4
Total	511,720	100.0	560,344	100.0	+ 9.5

[a] Gold is not included either in the total or in calculation of the percentage.

Source: Monthly Digest of Statistics No. 4, July 1961; UN Yearbook of International Trade Statistics 1959; Annual Statement of External Trade (Rhodesia & Nyasaland), 1959.

The output of tobacco in 1960 exceeded the record levels reached in previous years — a 14.0 per cent increase in flue-cured tobacco, 29.4 per cent in sun-dried and 30.0 per cent for turkish tobacco. Tea exports increased in value by 35.0 per cent in 1960 and was the combined result of an increase in volume exported and an improvement in world prices during 1960. On the other hand owing to unfavourable conditions of production in Southern Rhodesia maize exports fell drastically although there was no significant price change between 1959 and 1960. Although the Federation is mainly a producer of primary commodities, it has an important and growing trade in manufactured goods — textiles, clothing, iron and steel, paper, processed foods and tobacco — with neighbouring countries like South Africa, British East Africa, Mozambique, Angola and Congo (Leopoldville).[32]

[32] Owing to the unsettled conditions in the Congo (Leopoldville) exports to that country fell from $ 5.0 million in 1959 to 3.9 million in 1960.

Imports into the Federation increased from $ 420.0 million in 1959 to $ 439.0 million in 1960. Producer goods accounted for the bulk (63.0 per cent) of total imports — two-thirds of producer goods represented machinery, transport equipment and other durables. While imports of machinery and transport equipment increased by 2.0 per cent in 1960, imports of equipment for the railways and electrical services declined in value by 55.0 per cent and 15.0 per cent respectively, reflecting the decline in the requirements of the Kariba electricity project and the completed build-up of capacity in railway services. Imports of food, beverages and tobacco rose slightly in 1960 but were still at a low level — 9.6 per cent of total imports — compared with many other African countries. Imports of basic materials and mineral fuels and chemicals all increased in value terms in 1960. A significant degree of import-substitution has been achieved within the Federation and was reflected in declining imports of footwear, clothing and other non-durable consumer goods, in

spite of rising consumption. Imports of durable consumer goods like cars, motor-cycles, etc., went up by $ 6.2 million in 1960 but imports of motor vehicles are likely to decline relatively in view of the establishement of motor-vehicle assembly plants in the Federation.[33]

During 1960 the few remaining controls on dollar imports were lifted and controls on imports from specified countries now apply only to "certain state trading countries, and a number of countries to which the Federation has no obligations in terms of the GATT".[34] Restriction on imports from Japan have also been eased and facilities are available for the importation of goods from certain centrally planned economies.[35] Import controls are still operative against second-hand clothing, jute bags, sugar and wheat flour irrespective of origin. Certain agricultural products are also subject to import control.

The United Kingdom continues to be the Federation's most important trading partner, although trade with the UK has been following a declining trend since 1956. In 1958 the UK took 49.5 per cent of the Federation's exports. This figure declined to 46.7 per cent in 1959 and 45.0 per cent in 1960. The percentage share of the UK in the Federation's imports were 37.9 per cent in 1958, 36.9 per cent in 1959 and 33.0 per cent in 1960. Exports to the EEC group of countries is substantial and averaged 19.0 per cent of total exports from 1958 to 1960. Trade with the EEC countries is likely to grow, although imports from the group have been fluctuating around 8.0 per cent of total imports since 1958. Trade with the rest of Africa is quite considerable and imports from Africa accounted for 33.8 per cent of the total value of imports in 1960, about 33.3 per cent of total imports originating from South Africa.

TABLE A. II. 27

RHODESIA AND NYASALAND: Imports by Categories 1959 - 1960

Commodity	(SITC)	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/60
Food, Beverages & Tobacco	(0,1)	41,657	9.9	42,356	9.6	+ 1.7
Basic Materials & Mineral Fuels	(2,4,3)	43,968	10.5	45,845	10.4	+ 4.3
Chemicals	(5)	34,667	8.2	37,176	8.5	+ 7.2
Textiles	(65)	32,155	7.6	37,052	8.4	+15.2
Machinery & Transport Equipment	(7)	149,111	35.5	152,468	34.7	+ 2.4
Other Manufactures	(6,8)	113,688	27.0	124,252	28.3	+ 4.3
Miscellaneous	(9)	5,174	1.2	7,955	1.8	+53.7
Total	(0-9)	420,420	100.0	439,149	100.0	+ 4.4

Source: Monthly Digest of Statistics No. 4, July 1961; UN Yearbook of International Trade Statistics 1959; Annual Statement of External Trade (Rhodesia & Nyasaland), 1960.

CONGO (LEOPOLDVILLE): Political developments, following the independence of the Republic of the Congo (Leopoldville) in June 1960, resulted in a serious setback to the country's foreign trade during the second half of that year, both exports and imports dropping sharply. In the first half of 1960 exports, excluding those from Katanga, were about 55.0 per cent of the total value for 1959, while in the second half of the year exports declined by about 40.0 per cent. With the secession of the mineral-rich Katanga Province, about 40.0 per cent of export-earnings was lost to the Central Government in Leopoldville, and the total value of exports (excluding Katanga) in 1960 fell by about 12.0 per cent below the level of 1959.[36] Agricultural exports from the Congo were valued at $ 16.2 million and were 22.0 per cent less in value than in 1959. In volume terms these exports declined by 20.0 per cent compared with shipments in 1959.[37] Excluding Katanga Province only three[38] out of the seventeen commodities — which in 1959 had accounted for 94.0 per cent of total exports proceeds — registered an increase in shipments in 1960. Exports of five main commodities[39] which represented 80.0 per cent of the total value of exports in 1959 all declined in volume terms by between 8.0 per cent and 35.0 per cent in 1960. Howevr, as noted in section (a) of this chapter mineral exports from Katanga Province seem to have recorded an impressive rise between 1959 and 1960.

Imports were even more seriously affected as a result of the introduction o frigorous import restrictions in the second half of 1960. Total imports in

[33] Economic Bulletin for Africa, Vol. I, No. 1, p. 31.

[34] Federation of Rhodesia and Nyasaland, Economic Report, 1961, p. 44.

[35] Czechoslovakia, Poland, Yugoslavia and Mainland China.

[36] Most of the figures quoted in this section were obtained from two unofficial sources: — ONUC, Note sur l'evolution de l'economie Congolaise apres l'independence du pays and Universite Lovanium, Institut de Recherches Economiques et Sociales, Notes et Documents No: 14/SE-10, Analyse economique de situation et etude du commerce exterieur du Congo.

[37] Economist Intelligence Unit, Three-Monthly Economic Review No. 38, June 1961.

[38] Tea, bananas and cocoa.

[39] Coffee (—35.0 per cent), palm oil (—8.0 per cent), cotton (—20.0 per cent), Rubber (—21.0 per cent), palm kernel oil (—14.0 per cent).

★

1960 (with the exclusion of Katanga) were 30.0 per cent lower than in 1959.[40] In the first six months of 1960 imports amounted to 53.0 per cent of the value recorded in 1959 but dropped to less than 20.0 per cent of that amount in the second half of 1960. It appears also that the commodity pattern of imports experienced considerable change as a result, primarily, of the sharp increase in the relative share of food in the import package. In the nine months following June 1960 the share of food, beverages and tobacco increased from 16.0 per cent to 32.0 per cent, while the shares of industrial consumption goods and capital goods declined from 15.0 per cent to 10.0 per cent and 67.0 per cent to 57.0 per cent respectively.

TABLE A. II. 28

MOZAMBIQUE: Major Exports by Commodities 1959-1960

In thousand US $

Commodity	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/69
Cotton, raw	18,802	28.4	23,703	32.5	+26.1
Sugar, raw	10,072	15.2	9,676	13.3	− 3.9
Copra	7,339	11.1	6,758	9.3	− 7.9
Cashew nuts	6,156	9.3	6,953	9.5	+12.9
Tea	5,374	8.1	5,443	7.5	+ 1.3
Sisal	5,168	7.8	5,840	3.0	+13.0
Coconut oil	963	1.5	501	0.6	−48.0
Wood rough	946	1.4	1,036	1.4	+ 9.5
Hides and skins	355	0.5	348	0.5	− 2.0
All others	11,064	16.7	12,754	17.5	+15.3
Total	66,239	100.0	73,012	100.0	+10.2

Source: Boletin do Instituto Nacional de Estatistica No. 3 - Maco de 1961 Ultramar. UN Yearbook of International Trade Statistics, 1959.

MOZAMBIQUE: Mozambique increased its total trade by 5.1 per cent in 1960 as compared with 1959. Exports increased 10.2 per cent in value but imports went up only 2.3 per cent. As a result the trade deficit which was $ 57.7 million in 1950 declined to $ 53.8 million in 1960.[41] Exports amounted to $ 73.0 million compared with $ 66.3 million in 1959. All the major export commodities, except crude sugar and copra increased in value terms. Cotton exports registered the greatest increase (26.1 per cent), followed by sisal (13.0 per cent) and cashew nuts (12.9 per cent). Miscellaneous exports, which accounted for 17.5 per cent of total exports increased by 15.3 per cent. Tea exports increased by only 1.3 per cent and also declined in importance in the export package from 8.1 per cent of total exports in 1959 to 7.5 per cent in 1960. All categories of imports, excepting basic ma-

[40] See footnote 1

[41] Mozambique's deficits are to a large extent covered by remittances from migrant workers in neighbouring countries.

TABLE A. II. 29

MOZAMBIQUE: Imports by Categories, 1959-1960

In thousand US $

Commodity[a]	(SITC)	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/60
Food, Beverages & Tobacco	(0,1)	19,246	15.5	20,556	16.2	+ 6.8
Basic Materials & Mineral Fuels	(2,4,3)	19,868	16.0	18,926	14.9	− 4.7
Chemicals	(5)	1,234	1.0	1,426	1.1	+15.6
Textiles	(65)	18,732	15.1	19,696	15.5	+ 5.1
Machinery & Transport Equipment	(7)	38,492	31.0	37,314	29.4	− 3.1
Manufactures	(6,8)	13,588	11.0	15,017	11.9	+10.5
Miscellaneous	(9)	12,809	10.3	13,882	11.0	+ 8.4
Total	(0-9)	123,969	100.0	126,817	100.0	+ 2.3

[a] Commodity classifications are approximate.

Source: Boletin do Instituto Nacional de Estatistica No. 3 — Maco de 1961 Ultramar. UN Yearbook of International Trade Statistics, 1959.

terial and mineral fuels and machinery and transport equipment, shared in the increase in the value of imports in 1960. Machinery and transport equipment still maintains its predominant place in imports with a share of 29.4 per cent of total imports (1959- 31.0 per cent) although they fell in value in 1960 by $ 1.2 million. Chemicals and manufactures registered the greatest increases in 1960 (15.6 per cent and 10.5 per cent respectively) followed by miscellaneous imports (8.4 per cent) and food beverages and tobacco (6.8 per cent).

As in the case of Angola, Portugal was Mozambique's most important market for exports and source of imports. South Africa and the UK are also important trading partners, the former being the second best supplier of Mozambique's imports.

TABLE A. II. 30

ANGOLA: Major Exports by Commodities, 1959-1960
In thousand US $

Commodity	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/69
Coffee beans with skins	48,257	38.7	43,961	35.5	− 8.9
Diamonds	20,743	16.6	17,257	13.9	−16.8
Sisal	10,073	8.1	13,059	10.5	+29.6
Maize	7,476	6.0	5,737	4.6	−23.3
Fish meal for cattle	7,152	5.7	3,768	3.0	−47.3
Cotton raw	3,640	2.9	5,091	4.1	+39.9
Wood	2,738	2.2	3,396	2.7	+24.0
Sugar, crude	2,706	2.2	3,259	2.6	+20.4
Manioc, dry	1,929	1.5	2,701	2.2	+40.0
Palm oil	1,702	1.4	2,481	2.0	+45.8
Fresh beans	1,175	0.9	1,171	0.9	− 0.3
Coconut	1,022	0.8	657	0.5	−65.1
All others	16,158	13.0	21,470	17.3	+32.9
Total	124,771	100.0	124,008	100.0	− 0.6

Source: Boletin do Instituto Nacional de Estatistica Ultramar - No. 3.

ANGOLA: In 1959 Angola had an adverse trade balance of $ 6.3 million. In 1960 owing to a much larger decline in imports as compared with exports (2.6 per cent and 0.6 per cent) the deficit fell by about 50 per cent to $ 3.6 million. There were significant falls in the major exports of coffee and diamonds, but total exports fell less sharply because of increased exports of cotton and iron-ore — the latter export increasing threefold in volume terms — and sisal, which increased in value although the level of shipments remained almost stationary in conditions of rising prices. Exports of crude sugar, timber and palm oil all registered considerable increases in 1960 compared with 1959.

With the exception of basic materials and mineral fuels the fall in imports affected all categories of imports, including machinery and transport equipment which fell by 4.6 per cent. However, this category was in 1960 as in 1959 the most important import category with a share of 32.8 per cent of total

TABLE A. II. 31

ANGOLA: Imports by Categories 1959-1960
In thousand US $

Commodity[a]	(SITC)	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/60
Food, Beverages & Tobacco	(0,1)	25,285	19.3	24,954	19.5	− 1.3
Basic Materials & Mineral Fuels	(2,4,3)	12,865	9.8	15,178	11.9	+18.0
Chemicals	(5)	2,315	1.8	2,179	1.7	− 5.9
Textiles	(65)	17,338	13.2	15,926	12.5	− 8.1
Machinery & transport equipment	(7)	43,873	33.5	41,840	32.8	− 4.6
Other Manufactures	(6,8)	29,370	22.4	27,568	21.6	− 6.0
Total	(0-9)	131,046	100.0	127,644	100.0	− 2.6

[a] Commodity classifications are approximate.
Source: UN Yearbook of International Trade Statistics, 1959. Boletin Mensal de Estatistica, December 1960.

imports in 1960 compared with 33.5 per cent in 1959. Textiles showed the greatest decline in 1960 (8.1 per cent) and fell in value from $ 17.3 million in 1959 to $ 15.9 million in 1960. Food imports and manufactures remained at a high level — 19.5 per cent and 21.6 per cent respectively of total imports in 1960.

As is to be expected the bulk of Angola's trade was with Portugal which took $ 12.8 million of Angola's exports in 1959 and $ 17.9 million in 1960. The figures for imports were $ 39.5 million and $ 36.1 million respectively. Exports to the United States were even higher than those to Portugal, but fell considerably in 1960. Imports from the USA were at the level of about $ 7.0 million both in 1959 and 1960. Western Germany and the UK were also important customers and total trade with both increased somewhat in 1960. Trade with African countries is significant but showed no appreciable change between 1958 and 1959.[42] Trade with Eastern Europe is slight.

MALAGASY REPUBLIC: Exports from the Malagasy Republic in 1960 increased by 6.0 per cent in volume terms as compared with 1959 while the value remained virtually at the same level as in 1959. The volume of imports rose by 3.5 per cent but the value declined by 7.0 per cent. The adverse trade balance in 1960 was thus reduced by $ 7.7 million. Thirty million dollars of the total deficit of $ 36.5 million in 1960 was incurred with France and was covered by bilateral aid from that country in the form of contributions from FAC, the French budget and from the support given to the prices of Malagasy products. However, attempts are being made at redressing the present situation by curbing imports and stimulating exports. In January 1961 customs duties, which were suspended in 1943, were reimposed on imports originating from countries outside the French Community and the EEC. In addition it has been decided to increase by 10.0 per cent fiscal charges on all imports irrespective of origin.

TABLE A. II. 32

MALAGASY REPUBLIC: Imports and Exports in Volume & Value, 1958-1960

	Thousand tons			Million US $		
	1958	1959	1960	1958	1959	1960
Imports	420.8	430.5	446.1	126.7	119.5	111.4
Exports	286.7	226.3	420.7	96.2	75.3	74.9
Balance of trade				−30.5	−44.2	−36.5

Source: Marches Tropicaux et Mediterraneens, 19 August 1961.

The drop in the value of exports, despite increased shipments, was due mainly to the fall in the price of coffee and, to some extent, to the decline in exports of vanilla and cloves. The decline in the value of imports resulted mainly from a sharp decline in imports of textiles, the share of which in total imports fell from 22.0 per cent in 1959 to 17.0 per cent in 1960, together with changes in the prices of some imported commodities like wine and vegetable oils.[43]

Coffee is still the leading export although its relative share in total exports has been declining in recent years. In 1950 coffee represented 53.0 per cent of the total value of exports, but by 1960 this share had declined to only 31.0 per cent. The falling prices of coffee more than offset the 6.0 per cent increase in the volume exported in 1960 and the value of increased shipments actually fetched $ 0.6 million less than the value in 1959. In this connection Madagascar is finding the sheltered French market of greater importance, in the case of coffee, than in the case of other products.[44] Despite an upswing in the price of vanilla at the beginning of 1960 the value of exports of this commodity fell 27.0 per cent below the 1959 level. Exports of sugar — a relatively new export commodity — rose from 5,500 tons in 1954 to 41,000 tons in 1960. On the other hand, owing to poor harvests in 1960, exports of cloves declined by 57.0 per cent. There were substantial exports of fresh and canned meat which were mainly directed to Algeria. Exports of high quality rice were also substantial although rice production had been seriously affected by the 1959 hurricanes. Production of quality rise was 15,000 tons in 1960 and may become an important export.[45]

Imports of crude and semi-crude materials were higher in 1960 than in 1959, but equipment goods declined in spite of increased efforts at industrialization as did imports of food products and manufactures.

France is the most important trading partner of Madagascar, accounting for 56.6 per cent of total exports in 1959 and 55.5 per cent in 1960. France's relative share of Malagasy imports were 72.3 per cent in 1959 and the share for 1960 is expected to be in the same region. The US took about 12.0 per cent of Malagasy exports mainly in the form of vanilla while Algeria took large quantities of meat and groundnuts. The value of exports to the EEC countries, outside France, increased by 52.0 per cent between 1959 and 1960.

42 Breakdown for 1960 was not available at the time of writing. Share of exports to African countries was 2.0 per cent and 3.2 per cent in 1958 and 1959, and for imports 9.4 per cent and 7.7 per cent respectively.

43 In the case of vegetable oils there was also a change in the structure of imports away from groundnut oil to the much cheaper soya oil.

44 The average price of coffee exported to France in 1960 was $ 0.62 compared with $ 0.38 in the US.

45 Exports of lower grade rice, which is mainly for local consumption are marginal and dependent on the level of domestic consumption.

UNION OF SOUTH AFRICA: Both the exports and imports of South Africa in 1960 were at high levels with imports still growing more rapidly with an increase of 13.7 per cent in value terms above the 1959 level. Exports did less well and were only 2.2 per cent above the total value for 1959. The increase in the value of exports was spread over several commodities, the most important of which were fruits of all kinds — except deciduous fruits — up $ 13.4 million, maize, which increased from $ 21,350 million in 1959 to $ 28,554 million in 1960, fish (up $ 6.3 million), asbestos (up $ 6.2 million) and ferro-alloys (up $ 5.1 million). Other commodities, including re-exports, also contributed substantially to the increased export total. On the other hand, a large number of export commodities registered considerably lower values in 1960, the most important items affected being wool (down $ 12.3 million), diamonds, fish meal, wattle bark extract, lead ore and concentrates, textiles and apparel.

A factor which is bound to affect South African exports in the near future is the spreading trade boycott of South African goods, particularly by Afro-Asian and Eastern European countries. While the trade involved is not large it is likely to have a serious effect on a few individual firms which are largely dependent on the markets that have been lost as a result of the boycott.[46] Another factor which is likely to affect South African exports will be the abolition of Commonwealth preferences which may follow the withdrawal of the Union from the Commonwealth in March 1961. South African exporters of fresh and canned fruits and wines may find the loss of this protection a serious handicap on the UK market. Even more serious will be the effect of the termination of South African participation in the Commonwealth Sugar Agreement, which is expected to be effective at the end of 1961.[47] Since the bulk of South African sugar is covered by this agreement the loss of this guaranteed market will confront South Africa in general and Natal in particular with a very serious problem.

The categories which contributed most prominently to the increase in the value of imports in 1960 were machinery and transport equipment, textiles, other manufactures and chemicals. Machinery and transport equipment, which represented 40.2 per cent of the total value of imports, increased by 28.0 per cent in 1960 as compared with 1959. The item which reflected the largest single increase was car chassis, which rose by about US $ 25.7 million to US $ 98.0 million in 1960.[48] Foodstuffs which have always represented a relatively small percentage of total import value declined by 4.2 per cent in 1960 and so did imports of basic materials and mineral fuels, which however represented 12.5 per cent of total import value in 1960.

In recent years South Africa has normally shown an unfavourable balance of payments on visible merchandise trade which, together with net payments on invisible transactions, has been financed mainly by exports of gold. However, the increase in South African imports in 1960 more than counterbalanced the record level of gold exports.[49] Added to this was the serious drain on foreign exchange and gold reserves by the persistent and considerable flights of capital[50] which continued through the first eight months of 1961. This outflow of capital was the result of a lack of confidence in the political future of the Union, especially following the Sharpeville Incident March 1960 and South Africa's withdrawal from the Commonwealth in 1961. To check this flight of capital and also to curb imports, exchange controls and import restrictions were belatedly imposed during the first half of 1961.[51] It has also been suggested that a scheme providing special incentives to foreign investors to attract foreign investments should be introduced in place of the blocking of the exit of funds from the Union. The effect of these rescue operations against the flight of capital is not yet conclusive.

The bulk of South African trade is with the Commonwealth countries, in particular with the UK and the Federation of Rhodesia and Nyasaland. The UK is the Union's most important supplier although imports from the UK have fluctuated quite markedly in recent years around a declining trend. In 1959 imports from the UK fell from 33.7 per cent of the total value of imports in 1958 to 31.1per cent and to

---

46 During the first half of 1961 this boycott resulted in a loss of some £ 5.7 million to South African exporters. The following figures show the drop in purchases compared to the corresponding period of 1960: Soviet Union (1960: £ 1.1 million; 1961: NIL), Mainland China (1960: £ 1.5 million; 1961: £ 11,000), Pakistan (1960: £ 250,000; 1961: £ 18,000), India (1960: £ 23,000; 1961: £ 5,000), British West Indies (1960: £ 81,000; 1961: £ 8,500), Ghana (1960: £ 480,000; 1961: £ 3,000), Nigeria (1960: £ 234,000; 1961: £ 61,000), UAR (1960: £ 180,000; 1961: £ 85,000), Sudan (1960: £ 17,000; 1961: £ 33), Ethiopia (1960: £ 4,200; 1961: £ 27) — See West Africa No. 2305, 5/8/1961

47 Of a total of 266,000 short tons of South African sugar exported in the 1960-61 season 224,000 tons were covered by the Commonwealth Sugar Agreement. 168,000 tons were sold to Commonwealth countries at a negotiated price over 100 per cent higher than the prevailing world price and the remainder at the world price. It is of course possible that South Africa would ask for an additional quota under the International Sugar Agreement but is unlikely that this will make up for the complete loss of the Commonwealth quota. (See Economist Intelligence Unit, Three-Monthly Economic Review, No. 39, September 1961). The UK has, however, agreed to purchase 150,000 tons of South African sugar annually for the next five years at a price well above the current world price. (West Africa No, 2323, **9/12/1961**

48 Barclays Bank Overseas Review, April 1961.

49 Barclay's Bank Overseas Review, February 1961.

50 The South African Reserve Banks holdings of gold and foreign exchange fell from US $ 437.1 million at the end of January 1960, the highest level reached for many years, to US $ 308.3 million at the end of June 1960, and to US $ 214.8 million twelve months later.

51 A standby loan of US $ 75.0 million was also negotiated with the International Monetary Fund which helped to check rumors of devaluation.

TABLE A. II. 33

SOUTH AFRICA: Major Exports by Commodities, 1959-1960

In thousand US $

Commodity	1959 Value	1959 % of total	1960 Value	1960 % of total	% change 1959/69
Angora hair	11,162	0.9	10,467	0.9	− 6.2
Bovine hides	12,090	1.0	10,339	0.8	−14.5
Goat skins	2,424	0.2	2,102	0.2	−13.3
Sheep skins	12,219	1.0	11,925	1.0	− 2.4
Karakul pelts	11,362	0.9	10,175	0.8	−10.4
Wool in the grease	117,544	9.8	107,346	8.7	− 8.7
Wool scoured and other	30,003	2.5	27,937	2.3	− 6.7
Fish meal and soluble	13,049	1.1	12,478	1.0	− 4.4
Bark extract (wattle)	15,571	1.3	9,133	0.7	−41.3
Bleached cellulose	8,493	0.7	10,982	0.9	−29.3
Maize	21,350	1.8	28,554	2.3	+33.7
Preserved pilchards and fish others	15,271	1.3	21,585	1.8	+41.3
Fresh or frozen rock lobster tails	7,851	0.7	8,578	0.7	+ 9.3
Citrus fruits	28,210	2.4	31,344	2.6	+11.1
Deciduous fruits	17,879	1.5	14,407	1.2	−19.4
Grapes	7,697	0.6	9,559	0.8	+24.2
Preserved fruits	29,184	2.4	37,569	3.1	+28.7
Groundnuts	7,778	0.6	9,048	0.7	+16.3
Sugar	21,214	1.8	21,342	1.7	+ 0.6
Copper Ore	7,913	0.7	2,516	0.2	−68.2
Chrome Ore	7,879	0.7	8,057	0.7	+ 2.3
Lead Ore & concentrates	18,100	1.5	17,121	1.4	− 5.4
Manganese Ore	10,203	0.9	15,810	1.3	+55.0
Copper block & ingots	25,890	2.2	26,406	2.2	+ 2.0
Ferro alloys (Iron & Steel)	12,367	1.0	17,454	1.4	+41.1
Pig & ingots, etc. (Iron & Steel)	14,234	1.2	12,171	1.0	−14.5
Asbestos	29,756	2.5	35,981	2.9	+20.9
Rough & uncut diamonds	73,564	6.1	65,486	5.3	−11.0
Cut & polished diamonds	32,887	2.7	31.223	2.5	− 5.1
Tyres & tubes	8,943	0.7	8,352	0.7	− 6.6
Fibres, yarns, textiles and apparel	19,891	1.7	18,595	1.5	− 6.5
Machinery	26,603	2.2	29,201	2.4	+ 9.8
Preserved atomic materials	137,850	11.5	136,464	11.1	− 1.0
Other commodities	273,105	22.8	284,817	23.2	+ 4.3
Imported goods re-exported	109,295	9.1	121,257	9.9	+10.9
Gold	(678,012)		(802,673)		(+18.4)
Total (excl. Gold)[a]	1,198,831	100.0	1,225,781	100.0	+ 2.2

[a] Excludes parcel post and face value of specie.

Source: Monthly Abstract of Trade Statistics 1960; Foreign Trade Statistics, Volume IV, 1958 & 1959; UN Yearbook of International Trade Statistics, 1959.

28.4 per cent in 1960. The share of exports has been fairly stable and represented 30.2 per cent and 30.9 per cent of the total value of exports in 1959 and 1960 after declining from 31.2 per cent in 1958. The share of imports from the Dollar Area rose from 21.0 per cent in 1959 to 22.3 per cent in 1960, although within this group imports from Canada fell from 4.4 per cent in 1959 to 3.6 per cent in 1960. Imports from the USA, after falling from 17.5 per cent in 1958, recovered from 16.8 per cent in 1959 to 18.8 per cent in 1960. The share of exports to the Dollar Area as a whole also declined from 9.9 per cent in 1959 to 7.6 per cent in 1960. Both imports from and exports to theEEC countries gained slightly in 1960 as compared with 1959 — 19.0 per cent for imports and 16.4 per cent for exports in

TABLE A. II. 34

SOUTH AFRICA: Imports by Categories 1959-1960

In thousand US $

Commodity	(SITC)	1959 Value	1959 % of total	1960[a] Value	1960[a] % of total	% change 1959/60
Food, Beverages & Tobacco	(0,1)	86,789	6.3	83,171	5.3	− 4.2
Basic Materials & Mineral Fuels	(2,4,3,)	203,123	14.9	194,528	12.5	− 4.2
Chemicals	(5)	98,563	7.2	113,075	7.3	+14.7
Textiles	(65)	165,833	12.1	205,400	13.2	+23.9
Machinery & Transport Equipment	(7)	489,143	35.7	626,297	40.2	+28.0
Other manufactures	(6,8)	324,707	23.7	333,685	21.4	+ 2.8
Total	(0-9)	1,368,158	100.0	1,556,156	100.0	+13.7

[a] The classification is approximate.

Source: Monthly Abstract of Trade Statistics, 1960 Foreign Trade Statistics Volume IV, 1958 & 1959 UN Yearbook of International Trade Statistics, 1959.

1960 as against 18.3 per cent and 15.6 per cent respectively for 1959. Of this group of countries the share of Western Germany in South African imports continues to decline marginally, and in 1960 was 10.0 per cent of total imports compared with 10.6 per cent in 1958. France and Italy, on the other hand, have consolidated their gains of 1959 and now account for 2.3 per cent and 2.9 per cent respectively of the total value of imports as against 1.8 per cent and 2.1 per cent in 1958. South Africa's trade with the rest of Africa is the highest of any other African country. In 1959 exports to the rest of Africa accounted for 19.4 per cent of total exports. This share declined slightly in 1960 to 18.6 percent On the other hand the share of imports was relatively unchanged during the same period. Most of the Union's trade with Africa is directed to the Federation of Rhodesia and Nyasaland, which took about 14.0 per cent of the Unions exports but supplied only 2.0 per cent of its imports for both 1959 and 1960. There is also some trade with British East Africa and Ghana, but the latter trade declined slightly in 1960 both for exports and imports. Trade with the Eastern European countries is relatively unimportant and, like that with some African countries, will be affected by the trade boycott referred to above.

Chapter A. III.

NOTES ON 1960/61 PRICE TRENDS OF SELECTED EXPORT COMMODITIES OF THE AFRICAN REGION

The recent trends in primary commodity prices have already been discussed in a general way in Chapter A/I of this Bulletin. As it has been pointed out, the overall picture is far from being encouraging. The short-term prospects are not particularly bright either, although there does not appear to be any indication of a dramatic change in the existing structure of prices in the near future. What seems particularly worrying at this stage is the fact that the high rates of economic activity in industrial countries, following the 1957/58 recession, did not bring about a marked recovery in primary commodity prices. Even at the peak of the industrial boom, in early 1960, there were only one or two commodities where shortages in spot-supply were felt for a brief spell, while in most other cases actual or potential surpluses still overshadowed the markets.

Technological changes, as well as changes in production patterns in industrial countries have led to a constantly diminishing share of primary imports, so that even high rates of growth in these countries seem no longer able to push demand for primary commodities to a level where total demand would balance potential supply at sufficiently remunerative prices. This seems to be an irreversible process, and primary exporting countries should pay utmost attention to the implications involved. After the experience of the last two or three years, it would be indeed short-sighted to hope that any new expansion in economic activity in the developed areas of the world would bring in its wake a radical change in the prevailing trends in primary commodity prices. International action in the field of primary commodity stabilization may prove a useful device for alleviating some of the most acute problems facing primary exporting countries. However, there seems to be but one solution in the longer-run: increased efforts aimed at industrialisation and diversification of production patterns in agriculture, in order to arrive at a more balanced growth of the various sectors of the economy and to lessen the present degree of dependence on external factors.

A more detailed picture of the recent developments in the markets of some of the primary commodities of a particular interest to Africa are given in the following pages. The commodities selected constitute about 62-65 per cent of the total exports of the region, and, as will be seen, with few exceptions only, their prices have followed a more or less pronounced downward course in those months of 1961 for which data were available at the time of the publication of this Bulletin.

1. *Cocoa:* World production of cocoa exceeded a million tons in the 1960/61 season for the second consecutive year. Consumption also increased but at a slower rate than production, so that stocks held mainly in importing countries rose again. The apparent unconsumed surplus in 1960 was of the order of 100,000 tons compared with 30,000 tons in 1959.

After a steep fall in late 1959 and early 1960, prices maintained a relatively stable level in the greater part of the year at between 27-29 cents per pound (spot for Ghana Good Fermented, New York); then, a new decline took place from October onwards, and towards the end of February 1961 prices reached the lowest point in the last twelve years. The average level of prices in the first six months of 1961 was almost 19 per cent lower than in the corresponding period 1960.

The low level of prices seems to have stimulated consumption in 1961. Grindings in the first half of the year increased by 12 per cent in comparison with the first half of 1960 and it is expected that they may approach a million tons by the end of 1961. But comparisons of imports with grindings indicate that a substantial part of imports has been added to the stocks held in importing countries.

The first estimate of the output of cocoa in 1961/62 indicated a decline of almost 10 per cent from the record level of the previous season. This was confirmed during the recent meeting in October of the Committee on Statistics of the FAO Cocoa Study Group, where the 1961/62 production was estimated at 1,069 thousand tons, or 94 thousand tons less than in 1960/61. The expected decline is linked with unfavourable weather conditions in West Africa, where early drought followed by heavy rains seem to have damaged crops quite seriously. Ghana's production is forecast at 360 thousand tons in 1961/

62 as against 440 thousand tons in the preceding season. The Nigerian crop is also expected to be smaller: 152 thousand, excluding 6,000 tons from the former Southern Cameroon, compared with 195 thousand tons in the previous season (including the Southern Cameroon crop). Purchases by the Ghana and Nigerian Marketing Boards since the beginning of the season have been smaller than in the past years, and although this may merely mean slower ripening and a later harvesting, or a slower movement of crops for other reasons, it is felt to add weight to the probability of lower production in 1961/62. However, the early date of the estimates above should be borne in mind, and developments later in the season may lead to a higher level of production than indicated by the forecasts. Moreover recent information on the Ivory Coast and the Republic of Cameroun tends to show that declines in production in these two countries may be smaller than indicated by the Committee on Statistics of the FAO Cocoa Study Group.

Forecasts of production in Brazil are at present still more hazardous since the temporao crop, which forms an important part of total production, is only harvested towards the end of the international crop year. As it looks now, a substantial increase on the poor main crop in 1960/61 is generally expected.

Total consumption of cocoa in 1962 is expected to increase by some 84 thousand tons above the 1961 level. If this proves true, and if — as estimated — the 1961/62 output falls short of that recorded in 1960/61, world production and world consumption in 1962 should be roughly in balance for the first time since 1959. Latest information available tends to show that prices have already been influenced to some extent by production and consumption estimates. At the beginning of November spot prices for Ghana in New York were 23-24 cents per pound, compared with 19-20 cents a month earlier. However, stocks are still high in the major importing countries, and unless production in 1961/62 turns out to be considerably smaller than is currently anticipated, the recovery in prices is not very likely to assume significant proportions.

TABLE A. III. 1.

International Market Prices of Cocoa, New York, London and Le Havre
Annually 1954-1960, *Average and monthly* 1960-1961

Period	New York[1]		London[2]	Le Havre[3]
	Spot Accra	Spot Bahia	Spot Accra	Ivory Coast
	US cents per pound		Sh. per Cwt.	Francs per Kg.
1954	57.8	55.7	467/6	4.33
1955	37.4	36.2	302/—	2.78
1956	27.3	25.5	221/7	2.07
1957	30.6	30.5	247/2	2.55
1958	44.3	43.3	352/5	4.25
1959	36.6	35.4	285/6	3.71
1960	28.4	26.8	225/10	......
Monthly Averages				
1960: Jan-June	28.5	27.0	229/5	2.99
July-Dec.	28.2	26.4	222/2	2.89[a]
1961: Jan-June	22.2	22.3	176/4	......
July	22.0	22.0	176/10	......

[a] Average for July-November.
[1] The New York Spot Accra & Bahia prices are ex-warehouse & are fixed daily by an official committee.
[2] The London Spot Accra price is bond ex store main UK ports and is an official estimate of Gill & Duffus Ltd., based on current market levels.
[3] The Le Havre price is c.i.f. Le Havre for fair fermented Ivory Coast.
Source: FAO Cocoa Statistics, April 1961, FAO Monthly Bulletin of Agricultural Economics & Statistics, June 1961 and Cocoa Market Report Gill & Duffus Ltd., 4 August 1961.

2. *Coffee:* The upward trend in world production of coffee was temporarily interrupted in 1960/61, when world output fell short — by about 17 per cent — of the 1959/60 record level of 4.6 million metric tons. However, trade in coffee in 1960 increased only very slightly, and there was still a vast excess of supplies over consumption which led to further substantial additions to stocks. World production in 1961/62 is provisionally forecast at 4.3 million tons.

In spite of increased efforts and more vigorous sales policies on the part of producers, world exports in 1960 showed but little gain over 1959. Exports from Brazil and Colombia were below their 1959 levels and neither of the two Latin American countries was able to export its quota under the International Coffee Agreement. The slight increase in the total volume of world exports was entirely due to larger shipments of the Robusta varieties, but these

TABLE A. III. 2

The International Market Prices of Coffee, Annual & Quarterly Averages
1950 - 1961

Year		New York Santos 4	New York Manizales	New York Native Uganda	Le Havre - FWA Robusta Courant c.i.f.
		U.S. cts. per pound			French Francs per Kg.
1950		50.5	53.2	40.1	......
1951		54.2	58.7	46.8	......
1952		54.0	57.0	44.0	370
1953		57.9	60.2	47.6	398
1954		78.7	80.0	57.9	419
1955		57.1	64.6	38.4	297
1956		58.1	74.0	33.6	289
1957		56.9	63.9	34.6	333
1958		48.4	52.3	37.6	376
1959		37.0	45.2	28.7	343
1960		36.6	44.9	20.2	3.44[1]
	Jan.	36.3	......	23.6[a]	Ivory Coast Robusta
	April	37.0	45.2	21.4[a]	3.38
	July	37.0	44.6	19.4[a]	3.41
	Oct.	36.2	44.9	19.0[a]	3.49
1961	Jan.	36.5	44.5	(18.60)	3.34
	April	37.0	43.9	......	3.28
	July	36.8	43.5	......	3.30
	August	35.9	43.5	......	3.30

[1] January-September.
[a] Taken from World Coffee and Tea, February 1961.
Source: FAO The World Coffee Economy, Commodity Bulletin Series, No. 33 1961 and FAO Monthly Bulletin of Agricultural Economics and Statistics, June, September and October 1961.

were sold at sharply reduced prices. Despite the small increase recorded in exports in volume terms, the total value of world exports of coffee in 1960 was about 5 per cent lower than in 1959.

One of the main features of the world coffee economy in 1960 was the increasing divergence in price movements between Arabica and Robusta. After an almost uninterrupted decline since mid-1954, Arabica prices settled down in mid-1959, at a level about one-third lower than the 1950-1957 average. By contrast, Robusta prices, which had maintained a much more stable level until the 1958 recession, have since declined at an alarming rate. This decline has been due to the fact that Robusta producers generally were not yet members of the International Coffee Agreement, and were therefore in a weaker position than the Latin American countries with respect to stockholding and sales policies; but a switch in import demand from Robusta to Arabica, following the decline in the prices of the latter, has also influenced the course of Robusta prices.

As shown in the table below, the annual average spot prices for Native Uganda dropped between 1959 and 1960 by almost 30 per cent, while the Brazilian Santos registered only an insignificant decline. Le Havre spot prices for FWA coffees, which have always moved independently of the other two, held their own.

As a consequence of the Tananarive Conference which sought the co-operation of African coffee producers towards improving Robusta prices, and also as a result of their recent membership in the international Coffee Agreement,[1] African countries held back some of their output for the first time in 1961. No improvement in Robusta prices, however, has been achieved so far, while recent signs of weakness in Arabica prices necessitated a reduction of 1961 first quarter's quotas by 10 per cent.

Generally speaking, it seems that African producers of the Robusta may look with some hope at the growing market of soluble coffees, for which use of lower priced Robustas is more advantageous economically. Consumption of soluble coffee in the United States — the biggest importer of coffee — represents now some 16-18 per cent of the total. In western Europe, particularly in the United Kingdom, soluble coffee is also gaining considerable ground. However, despite this somewhat encouraging development, the position of African producers remains very serious. With the present trends in consumption in the major importing countries, there is but little

[1] Since October 1960 the following are full members of ICA: Kenya, Uganda, Tanganyika (Represented by the United Kingdom), Ivory Coast, Malagasy Republic, Togo, Cameroun, Gabon, Dahomey, Central African Republic and Republic of Congo (Brazzaville). All together ICA has a total membership of 28 countries.

TABLE A. III. 3

Auction Prices of Tea,[a] 1951-1961 *and* 1960 *indices*

Year	London All tea pence per pound	Calcutta For export Rupees per pound	Colombo All tea Rupees cents per pound
1951	43.90	1.83	1.90
1952	36.59	1.40	1.73
1953	43.79	1.99	1.91
1954	63.62	3.10	2.56
1955	60.90	2.09	2.24
1956	58.00	2.39	2.16
1957	53.22	2.13	1.86
1958	55.07	2.18	1.73
1959	54.70	2.14[b]	2.22[c]
1960	55.20	2.38[d]	2.04[c]
1961 average Jan-July	52.60	6.25[f]	2.00[e]
		Indices: 1953 = 100	
1954	145	156	134
1958	126	110	91
1959	124	107	111
1960	125	119	102

1954 = 100. [a] — Excluding export duties and cess, [b] = average for 11 months, [c] = average for 12 months, [d] — average for 10 months, [e] = average for 7 months, [f] = Average for 6 months.

Source: FAO - Tea, Trends and Prospects, Commodity Bulletin Series No. 30, 1960, FAO Monthly Bulletins of Agricultural Economics and Statistics, 1959 - 1961.

hope that the persistent imbalance between production and consumption may be reduced to tolerable proportions in the few years to come. More liberal import policies in the USSR and centrally planned economies in eastern Europe might help a great deal to raise world consumption of coffee, as well as of cocoa, and to improve the situation in the world markets; especially so since in eastern Europe the income-demand elasticity for both products must be fairly high. But it does not seem very likely that radical changes may take place there in the short run, since import policies in the USSR and eastern Europe are determined by long-run development considerations within the framework of well-established plans.

The position of African producers — with the exception of Ethiopia, which specializes in Arabica varieties — may be rendered even more difficult if price differentials between Arabica and Robusta — which seems quite likely — tend to narrow. In this case quality considerations will become increasingly important, except, perhaps, in respect of soluble coffees. The increase in productivity, in order to face lower prices, and a general improvement in quality appear therefore to be the two appropriate ways which should be followed by African producers. But such policies, if pursued on an international scale, are very unlikely to lead to a solution of the problem of the world coffee economy. More than in the case of any other commodity perhaps, African countries whose exports depend heavily on coffee, should speed up their efforts to diversify the production patterns of their economies.

3. *Tea:* Compared with cocoa or coffee, tea is a much less important commodity for Africa. While the relative share of the region in the world production of cocoa amounts to some 65-67 per cent, and that of coffee to some 16-17 per cent, the relative share of African tea is hardly above 5 per cent of the total world output. However, in the case of a few African countries tea plays quite an important role. In 1959 tea exports from Kenya held the second place in total exports, accounting for about 11 per cent of the country's export earnings. In Mozambique, the relative share of this commodity amounts to well above 7 per cent of the total export value, and there are other countries, like the Federation of Rhodesia and Nyasaland, where the importance of tea is increasing.

Like the two preceding years, the year 1960 was characterized by the absence of any major changes in tea production and trade. The volume of tea entering international trade in 1960 showed no gain over 1959, and was thus for the second year somewhat lower than in 1958. Average prices in 1960 were slightly higher than in the two preceding years, and the monthly fluctuations were not due to any real disequilibrium between supplies and demand. In the first half of 1961 prices were somewhat lower than in the corresponding period of 1960, but the situation remained generally stable. A slight increase in total supplies was approximately matched by a rise in consumption in both importing and exporting countries.

Short-term prospects do not seem to point to any abrupt change in the relatively quiet markets. However, output of tea is certain to continue to

expand, while consumption in the major importing countries is rather unlikely to increase at an adequate rate. The largest producers, like India and Ceylon, have plans to increase tea output quite substantially, and the same holds true of Africa. Plans to raise production above present levels are under way in Kenya, Uganda, Tanganyika and Southern Rhodesia. Tea from these countries have had no export difficulties so far, but consumption in the United Kingdom — which absorbs about two-fifths of world's exports seems to be nearing a saturation point. On the whole, it is rather doubtful that the stability of prices, characteristic of the last few years, will be maintained. In view of the prospective expansion in production, and in face of a relatively stabilized demand in high income countries, a pressure on prices may be felt in 1962. This might affect more than proportionately plain teas, where competition seems to be more acute, and which are of a particular interest to Africa.

TABLE A. III. 4

Cotton Prices - c.i.f. Liverpool - 1958/59 - 1960/61 *Average & Monthly.*

		USA Orleans Texas M 1"	Sudan G5L	Sudan G5S	Egypt Ashmouni FG	Karnak FG
		US cents per pound				
1958/59	Average of Monthly quotations Nov.-July	28.18	32.82	34.59	32.44	35.70
1959/60	Aug.-July	26.45	36.69	41.63	42.14	44.77
1960/61	Aug.-May	29.62	38.27	41.43	......	44.65
1961	April 27	29.59	38.45	41.82	......	44.97
	May 25	29.65	38.45	41.18	......	44.56
	June 15	29.60	38.03	40.71	......	44.37

Source: *Cotton - World Statistics, Quarterly bulletin* of the International Cotton Advisory Committee, Vol. 14, No. 11 (part II) 1961, and Vol. 14, No. 7, February 1961.

4. *Cotton:* Cotton is the most important item in exports from UAR (Egypt) and Sudan, where it accounts for some 70 and 60 per cent respectively of total exports. This commodity also contributes substantially to exports from Chad, Central African Republic, Uganda, Mozambique and Tanganyika.

There was substantial increase in world production of cotton during the 1959/60 season, owing mainly to an expansion in the area under cotton in the United States and to higher yields in the UAR (Egypt). Following the revival in economic activity in industrial countries, consumption also rose rather sharply — by about 6 per cent — over the previous season. In 1960/61, however, there was hardly any change in the level of production. According to latest estimates, total production in 1960/61 was 10.36 millions tons, while consumption maintained its 1959/60 level at about 10.45 million tons. In the United States stocks were smaller than in the preceding season, while there is evidence that in some other exporting countries, notably UAR (Egypt) stocks were increasing, and the same seems to be true of some of the major importing countries.

The recovery and expansion in industrial countries in 1959 and 1960, which also embraced the textile industries, had a strong impact on demand for cotton in general. But one of the most significant developments in this field was the revival in demand for extra-long staples, from the UAR (Egypt) and the Sudan, and a recovery in their prices which brought about a more normal relationship between medium and extra-long staple prices. With an expanding consumption and re-stocking in the traditional markets, and a considerable, although probably temporary, expansion in purchases by India and the United States, the potentialities of the market were enlarged. Restrictions on exports and currency discounts in the UAR (Egypt) were reduced, and a more flexible reserve price system was adopted in the Sudan. Exports expanded and, with stocks considerably reduced, prices of the long-staple cotton reached their highest point by the end of the first quarter of 1960. A tendency towards levelling off became evident at the end of the season (July 1960), reflecting the adequacy of stocks in importing countries and also some apprehension as to the prospects of activity in the textile industries. However, exports revived again in the second half of the year, and there was a further firming in prices until the announcement in December 1960 that the United States intended to offer 113,000 tons of American extra-long staples for export at competitive prices (under Public Law 480, barter agreement, CCC credit programs or other arrangements). In the first half of 1961, barring a brief period of oscillation at the beginning of the year, prices of most cottons in the world market have weakened.

A recovery in prices in the months ahead does not look very probable. True enough, the new wave of economic expansion in the United States is likely to influence textile mills also, but this will hard-

ly improve the situation of other exporting countries. Besides, competition of the man-made fibres, which seems to be constantly increasing in the United States, should also be taken into account. Imports requirements of the major importers in western Europe may also turn out to be lower than in 1960/61. Cotton stocks have been built up and, as indicated in Chapter I of this Bulletin, the rate of industrial activity in western Europe is almost certain to be lower in 1961 than in 1960. There is not much hope that the early months of 1962 may witness any significant change for the better. According to latest information, short time working has already developed in the cotton textile industry in the United Kingdom. The heavy purchases of cotton by India in 1960 are also not likely to be repeated in 1961. Cotton mill consumption in both the United Kingdom and India is forecast downwards. Elsewhere increasing outlets may be found, not only in traditional import markets like Japan, where economic expansion still goes on at a high rate, but also in the USSR, eastern Europe and mainland China. However, the unknown as yet is the extent to which demand for foreign growths may increase in the USSR and mainland China, as a result of the recent drought.

TABLE A. III. 5

International Market Prices[a] *of Sisal, New York, Antwerp, European Ports, Annual and Monthly Average* 1954 - 1961

Year	B.E.A. Sisal No, 1 c.i.f. European Ports £s per ton	B.E.A. Sisal No. 1 landed New York cents per lb.	B.E.A. Sisal No, 1 c.i.f. Antwerp £s per ton	Brazilian Sisal Type 1 landed New York cents per lb.	Mexican Henequen A landed New York cents per lb.
1954	86.8	11.1	82.6	9.3	8.8
1955	80.3	10.4	77.5	8.9	7.6
1956	78.5	10.2	76.3	8.8	8.2
1957	71.8	9.4	69.3	7.9	7.8
1958	72.2	9.5	70.3	8.1	7.4
1959	89.3	11.6	87.7	10.7	8.4
1960	102.1	12.9	100.6	12.2	10.1
Monthly Averages					
1960 Jan.-June	102.1	13.0	101.5	12.4	10.3
July-Dec.	102.0	12.8	99.6	11.9	9.8
1961 Jan.-June	99.3	12.5	96.8	11.4	9.1
July	93.0	11.7	92.0	11.5	8.8
August	91.0	11.5	90.0	11.5	8.8
September	89.0	11.3	87.0	11.3	8.8

a = Prices at beginning of month.
Source: Hard Fibres, The Economist Intelligence Unit, Ltd. No. 42, September 1961.

5. *Sisal:* Sisal is by far the most important hard fibre exported from the region, and there the role of Africa in world production and exports is really a major one. In the last few years the relative share of the region in world exports amounted to some 67-68 per cent of the total. However, it should be noted that sisal is capable of considerable interchange with henequen and, to a less extent, with manilla.

Like in the preceding year, 1960 was characterized by a fair degree of balance in hard fibres. World production was slightly above the 1959 level, while consumption and trade were just slightly lower, so that stocks in producing countries registered a small increase. According to recent estimates, no important change in supplies should be expected in 1961, and the proportion of higher grade fibres may be even smaller than in the preceding year.

However, the more immediate prospects for demand are somewhat uncertain. Requirements of hard fibre twines in agriculture have been adversely affected by reduced harvests of grains and hay in North America, while European grain crops are also smaller than last year. Besides, there are ample stocks of raw fibres in Mexico and apparently also in consuming countries as a result of heavy purchases in late 1960 in view of the disturbed political situation in some African countries. These factors, together with the proposal, now before Congress, to release 4,500 tons of African sisal from the United States stockpile, and the announcement of an increase in freight rates from Africa to United States ports, have all contributed to a continuous decline in prices of hard fibres during 1961. So, while the overall situation does not show any sign of structural weakness, particularly for high grade fibres, it would be very difficult to foretell the future course of hard fibre prices. Most that can be said at this time is that a quick recovery up to the high 1960 levels does not seem very likely unless unexpected factors do influence the level of import demand in industrial countries.

4

6. *Rubber:* The share of Africa in total world output of natural rubber is rather modest: in both 1959 and 1960 it was not much above 6 per cent. But in some African countries, like Nigeria and Congo (Leopoldville) the role of rubber in the economy is not negligible, while in the case of Liberia it accounts for over 45 per cent of total exports.

Rubber prices, highly sensitive to changes in economic activity in industrial countries, and even more so to any deterioration in the international political situation, rose sharply in the expansion phase following the 1957/58 recession. In late 1959 and again in May 1960, at the time of the political crises in Laos, they reached their highest level since 1955. But, while the 1960 average prices remained above the 1959 level, both rubber trade and prices turned sharply downwards in the second half of the year.

During the first ten months of 1961, prices remained remarkably stable but at levels well below those recorded in 1960. The sharp decline which had started by mid-1960 was halted by the end of January, and was followed by a modest recovery between February and April as a result of the seasonal drop in production in the Far East. This was followed by a slight decline during May-June, but prices recovered again in the next three months under the influence of the Berlin crisis and a reported increase in demand in the USSR and eastern Europe. In the next few months the rubber market may be expected to remain fairly firm, especially so if a significant revival occurs in the automobile industry of the United States.

TABLE A. III. 6

Natural Rubber: Production, Consumption and Prices

	1952-56 average	1958	1959	1960
Total Production (1,000 metric tons)	1,856	1,989	2,100	1,980
Total Consumption (1,000 metric tons)	1,764	2,012	2,149	2,012
Prices No. 1 RSS				
(US cents per kilogram)				
Singapore (f.o.b.)	63.6	57.8	72.9	78.3
London (spot)	67.2	60.4	77.4	82.6
New York (wholesale)	70.4	62.0	80.7	84.1

Source: FAO Commodity Review, 1960.

7. *Vegetable Oils and Oilseeds:* Taken as a group, vegetable oils and oilseeds rank third by value in recent years of all commodities exported from Africa. Within the group groundnuts and groundnut oil come first followed by oil palm products. Total world production of fats and oils was stepped up in 1960 when compared with the overall production in the previous year. An estimated production of 31.1 million metric tons was realized, about 300,000 tons more than the record figure of 1959. The relatively modest size of this increase, reflected a decline in production in the Soviet block countries from 7.6 million metric tons in the preceding year to 7.3 million tons in 1960, mostly due to a short sunflower seed crop in the Soviet Union in autumn 1959.

In Africa production was affected by a tremendous decrease in the production of olive oil in Tunisia and a poor West African groundnut crop (harvested in autumn 1959) for the second year in succession. Increases in other parts of the continent were sufficient to offset partly the fall in West Africa and Tunisia. On the whole African production of oils and oilseeds fell by nearly 200,000 tons.

However, the moderate rise in production coupled with increased consumption of most fats and oils did not prevent the combined price index from receding from the relatively high average attained in the first half of 1959. For individual items price movements were erratic.

Reflecting mainly the decline in coconut oil prices, the general FAO index of international market prices of fats and oils (excluding butter) fell in 1960 to an average of 92 (1952-54 = 100) compared with 99 for the previous year. At 92, the index was the same as in 1955, the previous post-war low. The most unstable element was the price of copra and coconut oil which after a sharp rise in 1959, during the period of scarcity, declined rapidly in 1960 as supplies increased.

The prices of palm products tended to follow the trend of copra prices, but a compensating effect was exerted by groundnuts, whose price had been low in 1959 rose markedly in 1960, because of the poor West African crop.

The most important development in the course of 1961 was a sharp reduction in Chinese export supplies. Shipments of soybeans through the Suez Canal, which can be assumed to be all of Chinese origin, dropped in the first six months of the year by about 67 per cent from the level recorded in the corresponding period of 1960. The serious decline in Chinese exports has also been indicated by unusually heavy purchases that the USSR and eastern European countries made in early 1961 in the international markets.

Prices that had risen as a result of the Chinese shortage fell back after reaching peaks in March and April, but in September they were still moderately higher than at the end of 1960.

According to a recent FAO estimate, world production of fats and oils outside the centrally planned countries will be much higher in 1962 than in 1961; mainly as a result of large oilseed crops being harvested in late 1961. An increase of 29 per cent in the United States soybeans crop is forecast, and good crops are expected in West Africa, as well as bumpercrop in India. This is likely to affect oil and oilseed prices, but the full weight of the increase in the United States may not be felt in the international markets owing to higher support prices in this country.

TABLE A. III. 7

Index numbers of International Market Prices of Fats and Oils (Excluding butter) 1959-1960, *January-December* 1960.

	Olive Oil	Edible Soap oils and fats: Other soft oils[1]	Lauric acid oils[2]	Lard	Tallow whale Palm oils	All items	Drying oils[3]	Fish oil	Total All Fats & Oils
1955	99	83	87	89	114	93	85	112	92
1956	147	105	88	91	117	103	111	120	104
1957	111	101	87	100	118	101	102	120	102
1958	94	80	102	93	110	96	90	109	96
1959	94	79	124	72	107	101	85	100	99
1960	99	80	102	78	98	93	91	88	92
1960 January	96	79	125	65	103	99	88	95	98
February	97	79	123	67	100	99	89	95	97
March	100	79	119	70	99	97	89	95	96
April	103	80	112	76	99	96	91	92	95
May	104	80	107	75	98	94	93	92	94
June	104	81	103	77	96	93	93	88	93
July	103	82	96	83	97	91	92	85	91
August	100	84	94	86	97	91	92	85	91
September	99	80	89	78	97	88	92	85	88
October	96	79	87	82	95	87	91	81	87
November	92	81	89	87	98	89	88	81	89
December	94	82	86	83	98	88	87	85	88

Source: FAO Monthly Bulletin of Agricultural Economics and Statistics, February 1961.
[1] Includes series for groundnut, soybean and cottonseed oils.
[2] Includes series for coconut and palm kernel oils.
[3] Includes series for linseed, castor and tung oils.

Groundnuts and Oil. The pattern of world trade in groundnuts and groundnut oil has changed markedly since pre-world war II. Only since 1955 have world exports been at their pre-war level, although production has long been well above the 1935-39 average. The lag in recovery was due to the fact that India's exports dropped rapidly to only a fraction of the 1.2 million tons exported during the pre-war years, while the build-up of exportable supplies in other countries was less rapid. The major sources of goundnut supplies has shifted from Asia to Africa. Two decades ago India and China supplied half the world total. To-day. Nigeria and the former French West African territories supply more than two-thirds of total world exports.

Unfavourable weather conditions were responsible for the decline in world supplies of groundnut oil from 2.4 millions tons in 1959 to 2.1 millions tons in 1960. The main decrease occurred in India, where excessive rains during the growing period had a disastrous effect on the crop in some of the major producing areas. Output in West Africa fell for the second consecutive year owing mainly to inadequate rainfall. Purchases in 1959/60 by the Regional Marketing Boards in Nigeria were only 660,000 tons (unshelled basis) compared with 770,000 tons in the previous year and a record of 1,080,000 tons in 1957/58. Commercial marketing also fell in former French West Africa where severe declines in Niger and Mali more than offset a partial recovery in Senegal. The total for these areas was 850,000 tons, about 20,000 less than the year before.

The relatively high prices that obtained in the markets mainly reflected the small crops in Nigeria and former French West Africa. The high level of import demand and a short supply position made a firmer international market.

Quotations for Nigerian nuts began to slip in early 1960 and although United States export prices and the price of South African oil remained fairly strong,

the average for the first half of 1960 was below the corresponding 1957 level. In the second half of 1960, prices began to fall again as it became clearer that output for the year would exceed that of the preceding year, particularly in West Africa. With the sharp drop in Chinese exports during the last half of 1960 and the sudden rise in US soybean prices, beginning about December 1960, groundnut prices again moved upward in early 1961, increasing steadily throughout March and April. The Nigerian Marketing Board, the sole exporting agency, maintained a selling price of 37.3 U.S. cents per kilogram c.i.f. European ports, from early March and throughout a greater part of April. In line with the prices of competing oilseeds and oils particularly U.S. soybeans, prices of groundnuts and groundnut oil declined sharptly in May and June. The fall continued throughout July and August and the price of Nigerian oil was being quoted at 32.1 cents per kilogram the lowest since December, 1960. The market for U.S. oil, however, strengthened towards mid-1961 when in July the price reached 34.8 cents per kilogram, the highest for any month in 1961.

The future price trends of groundnut oil depend partly on the availability of other competing oils particularly soybean oil and there, as already said, a considerable increase is expected in 1962. But it also seems that total world export availabilities of groundnuts and oils in 1962 will reach a record level in 1962 of a million metric tons.

TABLE A. III. 8

Prices of Groundnut Oil at Selected Areas Annual 1955-1960, Monthly 1960-1961

(Prices in U.S. cents per kg.)

	European Ports (1)		France (2)	India (3)	United States (4)
	I	II			
1955	29.7	28.8	69.3	20.2	38.8
1956	37.9	36.9	61.2	29.6	35.1
1957	36.2	36.0	57.8	31.3	33.3
1958	—	27.6	54.5	31.1	35.9
1959	30.8	30.0	50.0	33.1	27.8
1960	30.6	32.7	50.0	39.0	33.3
1960 January	34.4	33.3	50.0	36.8	31.3
February	...	34.1	50.0	36.1	34.4
March	...	33.8	50.0	36.8	31.7
April	...	33.3	50.0	39.3	35.5
May	...	33.5	50.0	37.2	34.8
June	...	33.4	50.0	39.4	35.3
July	34.2	33.6	50.0	41.1	36.4
August	34.1	33.6	50.0	40.1	34.8
1961 January	34.2	33.1	51.3	43.1	29.5
February	35.8	34.9	51.5	44.3	31.3
March	37.6	37.3	51.7	46.8	32.2
April	37.4	36.9	51.9	46.2	33.1
May	35.9	35.2	51.9	46.5	33.5
June	33.8	33.0	51.9	47.9	34.0
July	34.3	32.8	...	46.2	34.8
August	33.0	32.1	...	45.2	...

Source: FAO Monthly Bulletin of Agricultural Economics and Statistics, Oct. 1961.
(1) European Ports - I - South African, 2 per cent, bulk, spot price Rotterdam. - II - West African, bulk, cif.
(2) France - Refined for all food uses, wholesale price, ex. mill.
(3) India - Raw, filtered, ex mill, Bombay.
(4) United States, crude, tank cars, fob., South eastern mills.

Olive Oil. Total output of olive oil in 1959/60 was about 10 per cent greater than that of 1958/59. Output of the European Mediterranean countries - Greece, Italy, Portugal and Spain recovered from the poor olive crop of the preceding year and compensated for the decline in North Africa. In North Africa, the fall in Tunisian production by almost two-thirds from the record output of the previous season offset the gains in Algeria and Libya, and total production for the Region was reduced almost to half the 1958/1959 figure. As a result of the substantial reduction in output, Spain replaced Tunisia as the major export source of olive oil. Italian consumption of olive oil increased in 1960, although most of the supply went into stock in anticipation of an expected reduction on production in 1961, this year being an off-season for olive oils in Europe.(a) Demand for olive oil therefore remained strong and prices tended

to rise in the first half of 1960. In mid-1960, Spanish oil was being quoted at a price 8 per cent above the level of a year earlier. In Italy, first quality producer price reached it highest level during the second quarter when it averaged 96.2 cents per kilogram.

The international price rose above retail ceiling in Spain, and this resulted in a total clearance of accumulated surplus that left the Spanish market short of supplies. In October 1960, trade was disrupted by a change in the Italian law governing olive oil classification which brought the Italian processing plants to a temporary halt. The depressing effect of this on olive oil prices in international trade was accentuated by continuing competition from lower priced vegetable oils from overseas and the promise of an off-year in Spain and Portugal. The result of these developments was a steady downward movement in price in the second half of 1960. The decline in prices continued into 1961, and during the first half of 1961 prices averaged less than in the corresponding period of 1960. Spanish edible oil reached a low point of 56.0 cents per kilogram and though it rose in the subsequent months to reach 58.8 cents, it fell again to 54.6 cents in August, the lowest since November 1960.

Recent indications of the olive crop point to a production of olive oil in 1961/62 somewhat higher than that of 1960/61, with increases in all the main producing countries except in Greece and Turkey.

TABLE A. III. 9

Prices of olive oil in selected Areas, Annual 1955-1960

Monthly, 1960-1961

(Prices in US Cents per kg.)

	European Ports[1]	Italy[2]	Spain[3]	United States[4]
1955	68.4	84.3	60.8	69.0
1956	107.4	132.7	95.2	101.4
1957	77.0	88.8	76.9	91.5
1958	65.0	77.1	64.4	72.1
1959	62.4	89.1	58.8	69.0
1960	...	90.7	58.5	67.9
1960 January	...	94.4	57.0	65.9
February	...	95.2	57.8	67.7
March	...	95.2	59.5	67.7
April	...	96.0	61.1	68.8
May	...	96.8	61.6	70.5
June	...	96.0	61.6	69.9
July	...	92.0	60.9	67.2
August	...	91.2	58.8	67.2
1961 January	...	83.4	56.7	69.0
February	...	82.4	56.0	68.8
March	...	84.0	57.4	69.0
April	...	84.8	57.8	68.1
May	...	84.0	58.8	68.8
June	...	82.4	56.7	69.4
July	...	...	55.0	68.8
August	...	...	54.6	...

Source: FAO Monthly Bulletin of Agricultural Economics and Statistics, October 1961.
[1] European Ports — Algerian and Tunisian, edible, 1 per cent, drums, cif.
[2] Italy — First Quality, 1.2 per cent, producer price, Bari.
[3] Spain — Edible, 1 per cent, drums, f.o.b.
[4] United States — Edible, imported, drums, New York.
[a] Source — UN Commodity Survey, 1960.

Palm Oil. World production of palm oil did not change in 1960. In the Congo (Leopoldville), which is one of the two principal producing countries in Africa, production was well maintained in spite of the political upheaval although lack of transport facilities led to a drop in exports. In Nigeria, however, commercial purchases of palm oil were 2 per cent up compared with the same period in 1959. Production increased sharply in Malaya where there have been substantial plantings in recent years.

Price of palm oil declined only slightly in 1960. There was some tendency for palm oil prices to follow those of coconut oil, but palm oil prices were supported by the uncertainty regarding supplies from

★

TABLE A. III. 10

Price of Palm Oil in Selected Areas Annual 1955-1960, Monthly 1960-1961
(Price in US cents per kilogram)

	European Ports[1] I	European Ports[1] II	Federation of Malaya[2]	United States[3]
1955	22.6	22.6	20.8	35.3
1956	24.8	25.6	23.1	39.7
1957	24.7	25.4	23.2	40.1
1958	22.5	22.8	20.3	31.7
1959	23.8	23.8	21.2	32.2
1960	22.4	22.4	20.0	31.3
1960 January	23.7	23.3	20.4	26.7
February	22.8	22.9	20.8	32.2
March	22.5	22.5	20.7	31.1
April	22.5	22.5	20.6	30.9
May	22.4	22.5	20.2	30.9
June	22.2	21.9	19.6	30.9
July	...	22.1	19.2	30.9
August	...	22.5	19.2	31.7
1961 January	21.6	22.3	19.4	30.9
February	22.8	22.8	19.9	31.3
March	23.1	23.1	20.0	32.6
April	23.2	23.3	20.0	32.6
May	23.3	23.4	20.5	32.6
June	23.1	23.3	21.0	32.6
July	22.6	22.9	...	32.6
August	22.3	22.6	...	...

Source: FAO Monthly Bulletin of Agricultural Economics and Statistics, October 1961.
[1] European Ports I — Congo (Leopoldville), 6-7 per cent, bulk nearest foreward shipments, c.i.f. Antwerp,
II — Nigerian, bulk nearest forward shipment, cif.
[2] Wholesale price, f.o.b. Singapore,
[3] Clarified, drums, f.o.b. New York,

the Congo. At the end of the year prices of both Congo (Leopoldville) oil and Nigerian oil at European ports averaged 22.4 cents per kilogram compared with 23.8 cents in 1959. The early months of 1961, witnessed a further firming in price, so that by May the price at the various markets averaged slightly more than in the same period during the previous year. After the high level during the first half of the year prices declined, and the prices of Congo and Nigerian oils at European ports went down to 22.3 and 22.6 cents respectively in the last months for which information has been available.

The future trend of palm oil prices depends to some extent on the prices and availability of other competing oils particularly whale oil, but it is generally assumed that prices in the next few months will probably continue firm owing to reduced supplies from the Congo (Leopoldville) and Nigeria.

Recent developments in some African countries point to increased production of palm oil although the level of production will be determined by the availability of supplies from the Congo and Nigeria. In Nigeria, a "new bleaching process", for Nigerian palm oil has been devised at the Tropical Products Institute. This method, if properly introduced into the industry, may strengthen the competitive position of Nigerian palm oil in relation to that of Malaya. The principal contribution of the Institute to the work on this problem has been to elucidate the causes of difficulty in bleaching the Nigerian product as compared with the generally accepted best oil of Malayan origin and to suggest ways of avoiding this difficulty.

In Liberia, one of the minor oil producing areas, there are new developments ahead. A Marketing Board is to be set up, which will cover palm products and efforts to expand production would appear to be indicated by a recent agreement with a West German Company for the supply of mechanical processes for the palm industry. In Sierra Leone, the palm industry has been organized under the guidance of the Sierra Leone Produce Marketing Board. The Board has now taken over the establishment and running of plantation. The situation in the Congo however, contains a potential threat to the industry since the Congo contributes about 30 per cent of the total palm oil exports.

Palm Kernel Oil. The output and trade of palm kernels and oils have so far remained steady in recent years. Total world exports in 1960 have been provisionally estimated at 385,000 tons in terms of oil. This compares less favourably with a total of 398,000 tons in the previous year. Smaller shipments from Nigeria and the Congo (Leopoldville) were only partly offset by larger exports from Dahomey, Togo, the Federation of Malaya and Indonesia.

In Nigeria, the major world exporter, purchases of palm kernels by the Official Marketing Boards totalled 427,000 tons, which was 3 per cent less than the preceding year. Prices to Nigerian producers as fixed by the Regional Marketing Boards remained unchanged at $ 81 - $ 87 per ton according to Region.

International market prices of palm kernel oils averaged less in 1960 than in the previous year. Prices remained high and averaged 34.5 cents per kilogram at European ports during the first quarter of 1960. This was equal to the unusually high prices that prevailed in 1959. After April, however, prices declined to lower levels and this continued to the end of the year. This decline was largely the result of increasing world supplies of coconut oil. Palm kernel oil competes in its most important use, i.e. the manufacture of soap, with tallow and coconut oil and in its next importance use, i.e. the manufacture of table and cooking fats, with whale, fish, soybean, cottonseed and ground nut oils.

The abundance of coconut oil from South-East Asia, particularly the Philippines, the world's largest producer, was the major factor that contributed to the lower price of pallm kernel oil. Throughout the first eight months of 1961 the market remained comparatively weak and prices fell down to 22.9 cents per kilogram in June and July, the lowest for any month during the two previous years.

TABLE A. III.11

Annual prices of palm kernel oil at European Ports,(1) 1955-60
(Prices in U.S. cents/kg.)

1955	1956	1957	1958	1959	1960
25.4	26.0	25.7	28.6	34.3	30.5

Monthly prices of palm kernel oil at European Ports,(1) 1960-61
(Prices in U.S. cents/kg.)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
1960	34.5	34.5	34.1	31.2	29.8	27.9	...	...
1961	25.0	25.7	25.2	24.7	24.3	22.9	22.9	23.4

Source: FAO Monthly Bulletin of Agricultural Economics and Statistics, October 1961.
(1) Congo (Leopoldville), 6% nearest forward shipment, c.i.f. Antwerp,

Wood: World removals of round wood increased from 1,670 million cubic metres in 1956 to 1,770 million cubic metres in 1960, or by about 6 per cent. This increase has not been a steady one but was concentrated on the 1959/60 biennium. Moreover, it was entirely due to the increase in output of industrial wood which rose by 100 million cubic metres in the course of these two years so that in 1960 removals of industrial wood exceeded for the first time the 1,000 million cubic metre mark. This increase can be directly related to general economic activities and in particular to construction which absorbs by far the greatest share of timber output. Removals of fuelwood remained virtually unchanged at 700 million cubic metres over the entire period.

Developments in Africa differed in a number of respects from the global picture. First and most significant is that the increase in removals has been much more steady than in other regions. Although at a varying rate, output grew in Africa from year to year. Secondly, the increase was not confined to industrial wood only although it was more marked than in the fuelwood sector. Africa accounted for more than one-fifth of the world's increase in total removals and the rise in output of industrial wood reached as much as 10 per cent per annum. As encouraging as this development is, it needs to be stressed that Africa is still behind in the industrial utilization of its timber output, and although the share of industrial wood rose in the region from 9.2 per cent in 1956 to 10.9 per cent in 1959, it still falls considerably below the world average of 59 per cent. However, the above table shows that a number of African countries have followed trends which differ from the regional one; even in some which play an important role on the regional timber market, such as Nigeria and Ghana, total wood output has remained stable or even fallen.

In 1960, substantial increase in consumption and stock rebuilding stimulated fellings and the output of forest products in Europe, which accounted for the lion's share of the advances in the world and served to counterbalance the levelling off of production in North America, where the output of sawnwood registered a slight decline. Developments in 1961, indicate that the European consumption of

forest products in 1960 was somewhat overestimated.

Great demand for tropical woods in Europe and the influence of the Common Market stimulated log production in Africa in 1960, mainly in West African countries. Many of them, such as the Ivory Coast and Gabon, where Okoume plays an important role in the national economy, achieved in 1960 a post-war record in output as high prices fostered log removals. High demand for Okoume, the most important tropical species on the world market, largely resulted from increased consumption of cigars. The demand for the well-known traditional species was substantially higher than supply, and many importers accepted also less known species. It should be noted that heavy exploitation of Okoume along the coast and limited transport facilities may restrict future supply from Gabon the world's main supplier of this species.

Exports of hardwoods from African countries, as shown in Table 2, indicate a considerable increase in exports of hardwood logs from Gabon and Nigeria in 1960 but a decrease in the exports of sawn-wood.

European consumption of hardwoods increased in 1960, and olthough the rate of consumption slackened somewhat during the first half of 1961, there was a 2 per cent increase in the total consumption of the United Kingdom and western Germany. In France, Italy, the Netherlands and Switzerland consumption continued at a high level, probably higher than in 1960. In these countries, as well as in Germany, the industrial consumers of hardwoods: furniture manufacturers, joineries and other wood-working industries, are working at a high rate, concerted with the brick building activities.

European prices for tropical and other overseas timbers have moved both upward and downward in 1961. In the United Kingdom prices for mahagony were in mid-1961 higher than the year previously, and prices for obeche logs were higher in June 1961 than at the turn of the year, but both obeche and limba thoy were lower in the Netherlands. In France, prices for tropical logs have increased, for example, the prices for veneer-quality logs of Okoume (which species makes up a large part of French imports of tropical logs) increased by about 10 per cent to between 200 and 220 New Francs per cubic metre wagon departure French port over the year to June 1961. Tropical timbers seem to be gaining larger use in Italian plywood industry.

In continental Europe, strong demand for both hardwood logs and sawnwood is expected to continue for the rest of the year and on into 1962. The mid-1961 stocks in the United Kingdom were higher than in mid-1960 which accounted for the lower volume of new contracts.

The rated capacity of paper and paperboard industry in Africa increased from about 300.000 tons in 1958 to 375,000 tons in 1960 and that of pulp industry from 215.000 tons to 290,000 tons. The future rated capacity by 1965 is estimated to be 730,000 tons of paper and paperboard and 780,000 tons of pulp. This nearly trebling of African pulp industry in five years, the bulk of which will take place in the Republic of South Africa, the United Arab Republic and Swaziland, will bring about a significant increase of some 1.5 million cubic metres also a greater stability to forestry in the relevant countries.

TABLE A. III. 12

World removals of Roundwood, 1956-1960

(Million cubic metres)

	1956		1957		1958		1959		1960	
	Total	Ind	Total	Ind.	Total	Ind.	Total	Ind.	Total	Ind.
World	1,669	9.39	1,670	9.30	1,663	9.35	1,720	9.90	1,770	10.40
Africa: of which	102	9.4	111	10.6	121	12.8	122	13.3	...	...
Tanganyika	...	...	18.6	0.2	20.6	0.6	20.6	0.6	...	...
Sudan	8.9	0.1	18.8	0.5	13.5	0.5	14.0	0.5	...	...
Congo	3.7	0.9	3.9	1.0	10.0	0.8	9.3	0.7	...	...
Ethiopia	7.1	0.1	8.1	0.1	...	...	...	...	...	...
Uganda	12.9	0.1	12.8	0.1	7.9	0.8	7.8	0.8	...	...
Ghana	10.0	1.6	9.0	1.7	7.7	1.8	8.0	2.2	...	...
Gabon	...	...	1.8	1.5	2.0	1.7	...	...	...	...
Union of South Africa	1.3	1.2	1.5	1.4	1.6	1.5	...	...	...	...
Nigeria	1.0	0.9	1.0	0.9	1.0	0.9	...	...	...	...

Source: FAO Yearbook of Forest Products Statistics, 1958-1960.

9. *Copper*. Outside the centrally planned countries, production of copper increased by 7 per cent between 1958 and 1959 and by a further 9 per cent from the first half of 1959 to the corresponding period in 1960. In Africa where copper is by value the second most important mineral, production is mainly concentrated in the Congo (Leopoldville) and the Federation of Rhodesia and Nyasaland. In the Federation of Rhodesia and Nyasaland, production of primary copper increased by 5.2 per cent from the previous year to 1960, and though final figures for the Congo are not yet available indications are that

production at least equalled that of the preceding year in spite of the political situation. In South Africa, where a substantial amount of copper is produced yearly, production dropped from 50,000 tons in 1959 to 48,000 tons in 1960.

International trade in copper has also increased remarkably since the second half of 1959. Imports into Western Europe, which had declined by nearly 11 per cent between 1958 and 1959, increased by as much as 27 per cent from the first half of 1959 to the same period in 1960. While most of the increase in West/European imports in 1960 was associated with larger requirements, part of it went to replenish stocks which had been heavily depleted during the period of rising prices in the second half of 1959. The stocks were built up mainly as a hedge against the possibility of major interruptions in supplies.

In the United States, stocks at wire and brass mills, which had been drawn on heavily during the strike, which occurred between August 1959 and February 1960, were also rebuilt; between February and July 1960, they rose by 70 per cent and were almost back to the 1958 figure.

TABLE A. III. 13

Exports of Hardwoods from African Tropical Wood Zone, 1959-1960
(In thousand cubic metres)

	LOGS				SAWNWOOD			
	Total		of which to Europe		Total		of which to Europe	
	1959	1960	1959	1960	1959	1960	1959	1960
Angola	50	...	40	...	8.4	...	5.8	...
Central African Republic	7.5	...	...	...	3.2	4.0	1.3	1.0
Congo (Brazzaville)	237	279	210	251	26.0	27	11	8.5
Congo (Leopoldville)	107	...	101	...	60.0	...	44	...
Fed. of Rhodesia & Nyasaland	...	...	...	...	15.0	13	0.2	0.4
Gabon	1,086	1,254	...	1,146	8.9	7.2	8.5	6.0
Ghana	1,008	...	973	...	225	...	173	...
Ivory Coast	588	809	501	740	...	...	...	...
Kenya	...	...	...	...	1.8	...	0.5	...
Mali	...	...	...	...	...	...	...	...
Mozambique	...	...	...	...	61	...	12	...
Nigeria	547	622	540	613	63	60	50	49
Tanganyika	1.7	...	0.6	...	14	...	4.1	...

Source: Economic Commission for Europe, Timber Committee, 9th session, 2-6 October 1961, Market Review and Prospects. Sawn softwood, hardwoods and pulpwood and pitprops, General Economic situation, TIM working paper No. 40, 19th September 1961.

However, symptoms of an over-supply of copper in the world-markets caused two companies in Northern Rhodesia to announce in early October 1960, a cut in production equivalent to 60,000 tons or two per cent of world production. The Union Minière du Haut Katanga also announced a 10 per cent cut equivalent to 30,000 tons per annum. By the early part of 1961 other companies operating in Peru and Chile had decided to make similar production cuts.

Prior to the latter part of 1959, copper prices were at very low levels. The recession of 1957/58 forced prices down, and by the first quarter of 1958 the weighted index of prices in Western Europe was about half of the peak period of 1955.

In the second half of 1959, the international copper market strengthened, but this position deteriorated in the course of 1960 when supply tended to exceed demand. Prices in the London Metal Exchange, however, fluctuated considerably under the influence of various short-term factors. On the whole, prices in 1960 were above those of the previous year with annual prices averaging 33.8 francs per kg. in Belgium, £ 246 a ton in London and 30.2 cents and 32.1 cents a lb. in Canada and the United States respectively. In London temporary shortages in the supply position in January and February 1960 forced up prices to their highest levels since 1956 but prices declined after the settlement of the U.S. strikes. Shortly afterwards, however, in reaction to events in the Congo and the rumours about possible strikes in the U.S., the downward trend was reversed. After consumers had built relatively large inventories the fall in prices was resumed. By October 1960, the London price was below the corresponding figures for 1958 and 1959.

The sensitivity of copper prices to strikes and production cuts and even to the threats of these dangers has caused prices to fluctuate markedly in 1961. But it should be also noted that-owing mainly to quickly reacting production, copper has shown a marked resistance since 1958 to further falls whenever the prices has weakened much below £ 219 a

TABLE A. III. 14

African Production of Copper. 1956 - 1960
(1,000 tons)

	1956	1957	1958	1959	1960
Fed. of Rhodesia & Nyasaland[1]	429	466	419	593	624
Congo (Leopoldville)[1]	250	242	238	282	...
Republic of South Africa[2]	46	46	49	50	48
Rest of Africa[2] [3]	23	41	44	44	...

[1] Source - National Publications.
[2] Source - U.N. Monthly Bulletin of Statistics, October, 1961.
[3] Includes, Algeria, Angola, Morocco, South-West Africa, Tanganyika and Uganda.

ton, at which it stood at the beginning of 1961. It was lifted from this level by the outbreak of a strike at a Chilean mine, another threatening strike in Northern Rhodesia and further violence in the Congo, and the spot London price in February 1961 recovered to £ 224 a ton.

In the United States, copper producers and Custom smelters brought their domestic prices down to 29 cents a lb. and followed through with a series of production cuts. Prices declined further in the following months, but in May, they recoved the level of 30 cents a lb. In London, spot copper prices rose to nearly £ 230 per ton, in April in anticipation of a rise in American quotations and in May stood at £ 242 a ton.

After three months of relative stability cash copper fell by about £ 12 to £ 221 a ton in London in September 1961. During this period demand from British and Continental consumers in the free market was negligible but it improved towards the end of September. The copper lost in the recent strikes at mines in Chile had begun to affect the market and spot copper recovered to £ 225 a ton, but most producers would like prices to settle at a higher level. However, prices above £ 240 are also considered harmful to the industry and especially with a vast expansion behind them and more development ahead, copper producers are chary of high prices since copper is particularly vulnerable to competition from other materials.

TABLE A. III. 15

Domestic Wholesale Prices of Copper in Selected Countries, 1956 - 1960
Monthly, July 1960 - *July* 1961

	Belgium Francs per kg. (1)	Canada Cents per lb. (2)	United Kingdom £ per long ton (3)	United States Cents per lb. (4)
1956	45.0	41.4	329	41.8
1957	31.2	28.9	219	29.6
1958	27.8	25.4	197	25.8
1959	32.8	29.6	238	31.2
1960	33.8	30.2	246	32.1
1960 July	35.2	31.0	255	32.6
August	33.7	30.9	245	32.6
September	32.3	30.0	235	32.6
October	30.6	29.0	222	30.6
November	31.1	28.5	226	29.6
December	31.8	28.5	231	29.6
1961 January	30.3	28.0	220	29.1
February	31.1	27.5	224	28.6
March	31.0	27.5	225	28.6
April	31.8	27.5	229	28.6
May	33.8	29.3	242	30.0
June	33.6	30.0	236	30.6
July	...	30.0	...	30.8

Source: UN Monthly Bulletin of Statistics, October, 1961,
(1) Domestic price ex-works, electrolytic.
(2) Domestic price delivered Montreal or Toronto, carlots, electrolytic.
(3) Domestic/import price, standard electrolytic wirebars.
(4) Domestic price f.o.b. refinery New York, electrolytic wirebars and ingots.

Future prospects in the copper industry depend heavily on increased consumption in industrial countries. Without a further improvement outside the United States, there is little prospect of consumption matching production despite the output curbs that have been in force for a year in some cases. Consumption of copper outside the United States, particularly in Western Europe, has shown a more restrained rise in 1961 after the enormous increase in 1960. But, on the other hand, it is encouraging to note that copper usage in America has been expanding at a rate which but for a slackening in demand elsewhere, might have eliminated the potential surplus of copper this year. It is thought that at least the American producers price for copper will be maintained at 31 cents a lb. for the remainder of the year.

However, the recent discovery of what might prove an extensive new copper field in Canada strengthens the belief that world capacity will keep ahead of copper consumption for quite some time. The danger of over-supply and its potentiall threat to prices looms heavily in the markets and some excess copper production can be expected in a not too distant future.

TABLE A. III. 16

Production of Diamonds[1] 1953 - 1959

(carats)

	1953	1954	1955	1956	1957	1958	1959
A. Indices							
World Production	100	102	107	115	129	139	131
Africa	100	102	106	117	128	140	131
B. Percentage share in world production							
Congo (Leopoldville)	62.4	61.2	60.0	63.8	60.6	59.6	56.1
Ghana	10.8	10.3	10.6	10.7	12.0	11.2	11.6
Tanganyika	1.7	3.1	3.6	2.1	2.6	3.7	4.5
Republic of South Africa	13.4	13.8	12.4	10.9	9.9	9.6	10.7
South-West Africa	3.0	3.3	3.0	4.2	3.8	3.2	3.9
Angola	3.6	3.4	3.5	3.1	3.7	3.5	3.8
Rest of world	5.1	4.9	7.9	5.2	7.4	9.2	9.6

Source: UN Statistical Yearbook, 1960.

1 Excluding Eastern Europe and Mainland China.

10. *Diamonds:* Excluding the centrally planned countries, the African countries produce nearly all the diamonds in the world. The growth in output of diamonds and the predominant part played by countries in Africa is shown in the following table:

Figures in respect of the Congo suggest that production which reached a record figure of 16.7 million metric carats in 1958, slowed down and fell by 12 per cent to a total of 14.9 million metric carats in 1959. This tremendous drop was probably due to the political instability which prevailed in the country and to the stoppage of work by the Societe Miniere de Beceka in the Kasai province. Production in Tanganyika has increased markedly during the last few years and in 1959 accounted for 4.5 per cent of total world production. Diamond prospecting in Tanganyika has been thrown open and it is hoped that by bringing in other companies, new deposits could be easily discovered. In Sierra Leone, the diamond mining industry which has now been completely reorganized, is contributing an increasingly large share of the country's export income. Purchases for the first eleven months of 1960, totalled £ 10.1 million compared with £ 5.8 for the whole of 1959. In the coming months, the diamond output may be further enhanced as a result of the introduction of better mining methods. A scheme is soon to be introduced to give diamond mines loans to purchase machinery, while officials of the Mines Department will teach methods of gravel washing.

Diamond production in the countries of the former French West Africa has been confined to Guinea and the Ivory Coast. In 1959 the combined output of these two countries amounted to some 224,370 carats although this dropped to 192,200 carats in 1960. In Angola, where production has been increasing steadily, it is envisaged that under the country's new five-year plan, intensive exploitation of mineral resources would increase production substantially.

The sales of diamonds in 1960, made through the Central Selling Organisation of De Beers, which markets over 80 per cent of world production of natural stones, reached a total of £ 89.7 million, about £ 1.4 million less than the record figure of £ 91.1 recorded in 1959. A new record was however created in the sales of gem diamonds, which were about £ 400,000 higher than the 1959 record of £ 63.0 million. On the other hand, there was a slight decline in the sales of industrial diamonds which fell from last year's record of £ 28.1 million to £ 26.2 million.

TABLE A. III. 17

Sales of Diamonds, 1950 - 1960

(In £ million)

	Gems	Industrials	Total
1950	38.3	12.6	50.9
1951	46.8	18.3	65.1
1952	45.8	23.8	69.6
1953	43.3	17.8	61.1
1954	45.6	16.5	62.1
1955	50.3	24.0	74.3
1956	50.5	24.0	75.5
1957	52.9	23.9	76.8
1958	49.5	16.1	65.5
1959	63.0	28.1	91.1
1960	63.4	26.2	89.7

Source: Economist Intelligence Unit, June 1961.

Figures recently published of total diamond sales during the first quarter of 1961 indicate that something of a record has been achieved. The total of £ 24.3 million reached during the first quarter of 1961 is £ 3.9 million greater than that realized in the same period of 1960 and over £ 715,000 higher than in the same period in 1959, which itself proved to be a bumper year. The prices in the first half of 1961 continued firm, especially for larger sizes, the offer of which has been almost constantly below requirements, and no change seems to be expected in the remaining portion of the year.

The most significant development in the diamond industry has been the production of synthetic diamonds. Synthetic stones have been produced in the United States since 1957, although it had not been seriously thought that production presented any immediate threat to the level of sales of natural diamonds. Recent developments in the field of synthetic production have caused observers to review the prospects of natural stones, and conclusions are now more cautious.

Two main items constitute this challenge: In January 1961, General Electric Company announced that they had made a synthetic stone one carat in size; and although this is not commercially available, it has caused some stir in the industry. Secondly, followng disturbances in the Congo, and with agreement of the operators of the Bajawanga mines, the Société Minière de Beceka in the Kasai Province of the Congo, De Beers announced the installation of a synthetics factory in Johannesburg. In the meantime mining operations have been resumed in the Congo, where Beceka's speciality is boact, the very type which is being produced in the Johannesburg factory.

However, the immediate prospects in the industry, based on the figures of the first half of 1961 and the level of activity in the machine tool industry in the United Kingdom and America, are satisfactory enough to countervail for the present speculation regarding the future of synthetics.

Chapter B. I

TRADE PROBLEMS IN WEST AFRICA

FOREWORD

The following article consists of four chapters of a document (E/CN. 14/STC-WPCA 1), originally presented as a working paper to the Working Party on Customs Administration which met in Dakar from the 9th to the 13 of October 1961. Three chapters of the document of a merely technical character are omitted in this article, which also incorporates some new information received from participants to the Working Party, the report of which is submitted to the fourth session of the Commission under symbol E/CN. 14/138.

Much of the material presented in this article was obtained from national customs administrations in reply to a detailed questionnaire drafted by the Secretariat of the ECA with valuable help from the Secretariat of GATT. The text of the questionnaire and of the replies can be obtained on request from the Trade Unit of the Economic Commission for Africa.

INTRODUCTION

(a) Geographical, political and economic factors

For the purpose of this paper West Africa covers an area enclosed by the countries formerly part of French West Africa and French Equatorial Africa. The sub-region has the highest population density in tropical Africa, but the population is unevenly scattered.

Political frontiers in this part of Africa, as in the rest of the continent, generally do not coincide with natural geographical ones. Ethnic considerations carried little weight during the "scramble for Africa", the boundaries very often being an expression of the limits of military penetration. Almost all boundaries were drawn between the Berlin Conference of 1884-85 and the Versailles Conference in 1919. The former declared that title to territory could only be maintained by effective occupancy, and by 1904 the politcal map of West Africa was entirely filled in.[1] Since then only few frontier changes have taken place. The most important ones were the division of Togoland between a French and a British mandated territory after the First World War and one part of Cameroun under British trusteeship going to Nigeria and one part to the former French trust territory in 1961. Moreover there have been some changes in the administrative divisions within the French colonial set-up. These administrative divisions became national boundaries after independence.

On the other hand, however, no other part of Africa has probably experienced such profound changes, both political and economical, in recent years as has West Africa. Whereas only a few years ago there was one independent state in the whole of West Africa, there are now only a few colonial enclaves left, and one of them, Gambia, has just started on the road to independence. That leaves a few Spanish and Portuguese territories with slightly more than one per cent of the total population in West Africa and less than one per cent of the area. The rest is divided between 18 independent states populated by 77 million ihabitants, i.e. around one third of the total population of the continent of Africa.[2] Few other regions in the world show such a multitude of fairly small states both as far as production and population goes. The only similar region of some importance is Central America. Excluding Nigeria one finds an average population in the independent countries of 2.3 million.

Most of the countries can be divided into two groups: those belonging to the franc zone and those belonging to the sterling area. Two countries, Liberia and Guinea with together 5 per cent of the West

[1] Harrison Church: West Africa p. XXV.

[2] At this point, however, it may only be prudent to remember that recent population censuses all indicate that this estimate is on the low side.

African population, belong to neither. The former uses the US dollar as national currency while Guinea in 1960 introduced its own currency, which is fixed at par with CFA francs.

Three independent countries and one dependency belong to the sterling area. Together they have 45 million inhabitants or 57 per cent of West Africa's total population, Nigeria alone accounting for more than three quarter of these, thus making her the most populous state in Africa. A total of thirteen independent countries belong to the franc zone, eleven of them being former parts of French West Africa and French Equatorial Africa. Two countries, Cameroun and Togo, were previously trusteeship territories under French administration. The most populous country in the franc zone is Mali with around 4.3 million inhabitants. Here we also find the less populous independent country in West Africa, Gabon, with a population of 420 thousand.

The economic structure is fairly similar in the various West African countries as regards production. The general setting is that of a subsistence economy. The value of locally produced and consumed foodstuffs far exceeds that of crops grown for exports. But although the export sector so far occupies a rather modest place in most countries,it has during the last decades acquired a more important position in a few coastal countries. Some of the most important crops of the region, like cocoa, palm kernels and coffee, are almost entirely exported. But other export commodities, like cotton, groundnuts, palm oil and hides and skins, are consumed locally in considerable quantities.The economies of the states in the franc zone and of the Spanish and Portuguese territories are far more closely integrated with France, Spain and Portugal respectively than the sterling area countries with the United Kingdom. Exports are commonly directed to protected markets, and prices are frequently far above levels prevailing in neighbouring countries and territories.

Foreign trade plays an important role in the economies of some of the West African states and dependencies. But, contrary to what is usually assumed, the value of West Africa's foreign trade per capita is significantly lower than the average for the rest of tropical Africa. The range is, however, wide and spans from a very low level in the landlocked countries to a fairly high level in most of the countries and territories with easy access to the sea. The foreign trade of the landlocked countries, all of them in the franc zone, is usually characterized by long and expensive lines of communications to the coast and thus to the world commercial channels. In this connection it should be remembered that the trade statistics are based on recorded trade figures and does not take into account the unrecorded trade between the various West African countries and territories. But although it is generally believed that this unrecorded trade takes on quite significant proportions in some - and especially landlocked - countries, it would probably not materially alter the above conclusion. But even among the sea front countries the range of the value of foreign trade per capita is like one to sixteen. On the one extreme is found Dahomey with an annual per capta recorded trade of slightly less than US$ 13 and on the other end of the spectrum are the Portuguese territories Sao Tome and Principe with an annual per capita trade of around US$ 203. The average annual per capita trade of the coastal countries (but excluding Mauritiana and Senegal for statistical reasons) amounts to around US$ 44, i.e. only somewhat below the average of US$ 48 for the rest of tropical Africa.

In the years ahead also the countries now in the periphery of world and intra-regional trade will be drawn into it. But here is an obvious disparity to be expected between the more advanced West African countries on the one hand and the less developed ones on the other, as far as both production and trade developments go. One of the decisive factors has been and is the size of the prospective markets. In West Africa there can be singled out at most four or five countries with a manufacturing production of some magnitude. And two of them, Senegal and Ivory Coast, developed some industries with a view to serve other countries of French West Africa. With the partial breaking up of this market into smaller units, they may be faced with the same problem as the other West African states with the exception of Nigeria: too small and too insufficient markets for their products.

(b) *Economic and financial importance of Customs administration*

As a rule under-developed countries derive the bulk of their revenue from indirect taxation. As can be seen from Table 1,[3] indirect taxes account for more than 60 per cent of all budgetary income throughout West Africa. Most of these taxes are import and export duties; but even in the case of other indirect taxes (especially excise duties in English-speaking countries and the flat-rate tax *(taxe forfaitaire)* in French-speaking countries) collection is frequently made by the Customs Administration. Moreover, for practical reasons the duties are often collected only on goods passing the Customs barrier.

It might be expected that, as the economies of these countries develop, the share of indirect taxes in general and of frontier charges[3b] in particular in total revenue will progressively diminsh. But in actual pratice no such trend is observable in any West African country for which appropriate statistical

[3] Cf. *Economic Bulletin for Africa*, Vol. I, No. 2, pp. 16-18.

[3b] The expression "frontier charges" is used here to indicate *all* duties and taxes collected at the border.

TABLE B. I. 1

Indirect taxes as percentage of Government Revenue in West Africa

Countries	Year	
Cameroun	1950[a]	61.7
	1953	60.6
	1956	65.6
	1958[a]	62.0
French Equatorial Africa	1950	48.9
	1952	47.0
	1955	58.6
	1958	56.0
French West Africa	1950	61.6
	1952	60.8
	1956	71.8
	1958[a]	73.5
Ghana	1950	68.5
	1953	70.5
	1957	77.1
	1958	74.4
Nigeria	1953	64.9
	1956	71.2
	1958	69.2
Sierra Leone	1950	50.6
	1953	52.7
	1956	60.2
	1957	62.1
Togo	1950	59.6
	1953	69.3
	1956	82.9
	1958	82.2

[a] Estimate

series are available. On the contrary, there are many cases in evidence of increases in the share of frontier charges - mainly because some direct taxes (particularly the poll tax) have been abolished or are producing much less owing to the political situation. Again, attempts to diversify taxation systems have met with but little success in these countries, where the inland revenue machinery is inadequate to seize taxable goods outside the modern sector.

In these circumstances, it may be safely averred that in the next few years the bulk of inland revenue will still be derived from foreign trade and, hence, that whether budget estimates can be realized or not will very largely depend on the efficiency of the Customs Administration. In view, moreover, of the predominant role of governments in the economic development of the region, it is no exaggeration to state that the implementation of economic plans is very much dependent on the smooth running of the Customs.

It would nevertheless be a mistake to restrict the Customs Administration to the mere role of provider of funds, though of course at the moment all export duties and most import duties are purely fiscal in nature.[4] This situation is, however, changing and will change still more as progressive industrialization necessitates some form of protection for new industries, as well as incentives for them in the form of exemptions, drawbacks and other Customs concessions granted in industrialized countries. This trend is liable to impose on Customs Administrations tasks for which they are at present ill-prepared. This is especially true as applied to quantitative restrictions introduced to foster a selective imports policy rather than, as in the past, as a method of discriminating against imports from certain sources. Lastly, as we shall see later, the possible establishment of regional economic groupings in Africa will also entail considerable labour for Customs Administrations.

The traditional organization of the Customs in West Africa was based on the idea that import and export operations on a commercial scale were confined to the seaports. Accordingly, as emerges from the analysis presented below,[5] only the Customs offices in the great seaports were empowered and equipped to clear goods through Customs on the basis of written declarations. In addition, they dealt almost exclusively with the great import-export houses, so that relatively few qualified officials (generally expatriates) sufficed to cope with trading operations, while the remainder were confined to prevention work.

This situation is rapidly changing, and the change will demand a thorough re-adaptation of Customs Administration. In the first place, with the development of road transport[6] parallel to the coasts, the ports have no longer a monopoly of trading operations, even in countries bordering the sea. The trend away from such a monopoly has been further strengthened by the establishment of independent Customs Administrations in inland countries.[7] Trade between the countries of the region, the expansion of which is obviously of the highest importance for their economic development, will obviously use land communications to a considerable extent. Again, there is a definite enhancement observable in the part played by African trade (whether private, co-operative or State-controlled) in import and export transactions. This trend is clearly going to complicate still further the task of Customs Administrations, as they will be dealing with a large number of traders with little experience of modern trading methods. By coping resolutely and sympathetically with their increased tasks, the Customs Administrations can, by their example and advice, give a new impulse to improve the technical skill of the African traders, and, thus the economic development of the region.

[4] See *Analysis of Rates.*

[5] See *Customs Organization.*

[6] Cf. *Transport and Economic Development in West Africa* (E/CN. 14/63).

[7] Cf. *Preferential Systems and their Application.*

(a) *The Customs Union of West African States*

1. *Situation before the territories gained their independence.*

It may be of value to recall briefly the system that obtained in French West Africa. French West Africa was a Federation of eight territories: Dahomey, Guinea, the Ivory Coast, Mauritania, Niger, Senegal, Sudan and Upper Volta. The Federation had its own independent tariff, i.e. one different from the French tariff. The application of that common tariff entailed the collection of duties and taxes at the outer frontiers of the Federation. But products from France, Algeria, the overseas departments and other overseas territories were admitted free of duty,[1] this being offset by the duty-free admission of goods from the Federation to the aforementioned countries and territories.

However, the tariff preference was not the same on both sides, as the Metropolitan Customs duty rates were appreciably higher than the Federation's, which were around 5 per cent *ad valorem*, rates between 10 and 25 per cent being levied on only a few products.

Owing to the almost complete predominance of seaways over other means of communication, the development of the Customs infrastructure in the coastal areas and, in particular, in the great seaports was favoured in comparison with territories lacking direct access to the sea. Their privileged position had its repercussions, not only as regards Customs clearance of goods, but also in the commercial and industrial spheres.

However, the operation of the Federation's Customs system raised no serious problems in the sharing of proceeds, as these were paid into the "Federal Budget", part of whose surplus had to be refunded to the territories on lines laid down at Dakar by the Federal Assembly (Grand Conseil).[2]

Accordingly, when independence came, the coastal States enjoyed in the Customs and trading fields such advantages over the inland States as to create an initial imbalance, which as we shall see later, produced certain difficulties.

2. *The Customs Union of West African States*

The constitutional changes of 1958-59 tore asunder what remained of French West Africa's juridical framework. With a view to conserving the advantages of a great economic entity, the countries of the former Federation, with the exception of Guinea, on 9 June 1959 concluded an agreement on the establishment of a Customs Union. Within the narrow scope of this study we can quote only the basic provisions of that Agreement, as follows:

Article 1

The signatory States form a total Union among themselves. This Union shall cover all entry and exit duties levied on products and goods moving from or to the said States. No tax or Customs duty shall be levied on trade between the signatory States. Only taxes in force at 31 March 1959 on trade with non-signatory States shall remain in force. Any change in these or the introduction of new taxes shall be effected by joint agreement.

Article 2

The proceeds from taxes and duties levied in connexion with export and import transactions in the signatory States shall be so shared as to ensure that each State receives its dues in full. To that end, it is agreed to set up, in two or more States, joint commissions whose function it shall be to make a gross distribution of taxes and duties based on Customs declarations, information gleaned from traders in each State and any other relevant data. Two or more States may agree on joint investigation and control procedures. Refunds to States shall be made quarterly.

Article 5

There shall be set up a Customs Union Committee, comprising one representative per member State, whose decisions shall be binding on each signatory State".

The aim of the signatories to the Agreement was apparently to preserve the basic Customs structure of former French West Africa. But the Agreement did not specify how the new Customs Union's thorniest problem, the sharing of proceeds, was to be solved. Article 2 was certainly an effort, but a rather vague one, in that direction. The present situation, the main characteristics of which we shall try to outline below, is largely a result of that vagueness and of the imbalance between the coastal and the inland States.

3. *Recent developments*

Some bilateral arrangements were concluded in implementation of the Customs Union Agreement. Without going into details, it may be said that two methods were used: distribution at a rate fixed in advance (between Dahomey and Niger, Senegal and Sudan, the Mali Federation and Mauritania) and *ad hoc* distribution on the basis of information prepared by each party (between the Ivory Coast and Upper

[1] I.e. of Customs duties proper, which constitute only a small part of total frontier charges. For an analysis of all duties, see Analysis of Rates.

[2] *Notes d'information et statistiques de la Banque Centrale des Etats de l'Afrique de l'Ouest*, No. 52, November 1959, p. 4.

Volta, Niger as well as Dahomey).[3] Coastwise trade between the coastal States of the Union raised no special problems, since the sums due by the re-shipping State were easy to determine from the document (transire or Customs bond) accompanying the goods re-shipped, on which the duties levied were shown.

The same did not apply to overland traffic, the lack of objective means of investigating which was aggravated by the fact that members of the Customs Union were pledged "not to set up posts for checking their trade on their common boundaries".[4] Furthermore, the practical methods laid down for operating the refund systems led to collisions and friction. One final factor influenced adversely the Customs Union, namely, the growing disparity beween the indirect taxation systems of the member countries, which will be examined later.

It is therefore not surprising that towards the end of 1960 the gross refund systems disappeared (except in the cases of Mauritania and Senegal) and that Customs barriers were established along the inland frontiers of almost all the member States. Accordingly, at the present juncture, the inland States are trying to collect taxes and duties direct at their own frontiers. This development should normally encourage the forwarding of goods to the inland countries under the transit system, which was hardly used under the French Federal Structure, and have as its corollary the establishment of Customs warehouses and services. At the same time the new arrangements have the drawback of making it almost impossible to supply the inland countries with goods already cleared by Customs in the coastal countries, except at the cost of double taxation. The refund of duties already levied by the coastal countries is, where practicable, a long and complicated procedure. Hence it is in the interest of regular supplies for the inland countries to develop the various types of warehousing in the ports.

At its present stage of development, the Customs Union of West African States is more like a free trade area than a genuine Customs union. In actual practice only the following products can move freely from one member country to another:

(a) natural products originating in the countries;
(b) goods manufactured in the countries from such products;
(c) goods manufactured in the countries partly or wholly from raw materials not originating there (though this concession does not exclude the levying of duties on the raw materials used in producing the goods).

[3] In addition to this *ad hoc* distribution, there existed among the Entente countries parties to the Agreement a Solidarity Fund, mainly financed by the Ivory Coast, the beneficiaries of which were Dahomey, Niger and Upper Volta. The Fund was designed to offset the losses of the latter countries in inland revenue due to the Customs Union.

[4] Cf. Compendium of decisions taken by the Customs Union Committee at its first session, held at Abidjan on 17 and 18 November 1959.

(b) *The Equatorial Customs Union*

1. *Situation before the territories gained their independence*

The States in this region — i.e. the Republics of Chad, Congo, Gabon and Central Africa — formerly constituted French Equatorial Africa, which also had its own independent tariff, although the position was much different from that in what was then French West Africa; for a goodly part of French Equatorial Africa lay in the conventional basin of the Congo, which is still governed by Act of Berlin of 26 February 1885, the Lisbon Convention of 8 April 1892 and the St. Germain Convention of 10 September 1919. Under the provisions of these agreements, which applied to the whole of French Equatorial Africa, the latter could not grant to the Metropolitan France exemption from Customs duties. At the same time its own products were admitted into France free of duty.

Contrary to what happened in French West Africa, no real state of imbalance arose in the economic development of the Equatorial territories, partly because development was rather slow and partly because duties were not all collected at the outer frontier, as there were organized transit routes, such as that from Pointe-Noire to Bangui. Here, too, the sharing out of revenue was in the hands of the Federal authorities.

2. *The Equatorial Customs Union*

After the break-up of French Equatorial Africa's juridical framework, a Convention on the organization of the Equatorial CustomsUnion was concluded on 7 December 1959 between the four States abovementioned. Its basic purpose was to maintain a territorial entity within which produce, goods and capital would continue to move freely.

To that end, the States pledged themselves, *inter alia,* to maintain and apply common laws and regulations on import duties and taxes, existing laws and regulations being kept in force for the purpose. Any changes subsequently proposed were to be submitted to the Steering Committee of the Union, only those unanimously approved being enforceable.

Two complementary systems are prescribed for the sharing of revenue. First, proceeds from import duties and taxes are paid to the State in which the goods are declared as to be consumed. Secondly, a certain proportion of the duties and taxes (at present 20 per cent) is paid into a Solidarity Fund, the percentage being fixed each year by the Steering Committee. The yield from this Fund will be returned to the States in accordance with a distribution chart, also laid down by the Committee.

The bulk of Solidarity Fund (at present some 85 percent), corresponding in 1961 to some 700 million CFA francs, goes to the Chad and the

Central African Republic. This is meant partly to compensate for inaccuracies in reporting final destination of imports and partly to help the industrially less well situated members of the Union.

One of the most important and the most original parts of the system relates to industries working for the local market. These industries do not pay any import duties of indirect taxes on their inputs, these being replaced by a tax on output ("taxe unique"). The enterprises have to report sales within the customs union on a territorial basis and the proceeds of the tax are refunded to the country of consumption. Accounts of wholesale traders are also kept on a territorial basis as far as locally manufactured goods are concerned.

The other provisions of the Convention deal with tax co-ordination, the powers of the Steering Committee etc.. There is an annex containing a list of the Union's joint Customs offices.

The machinery introduced by the authors of the Convention appears to have functioned fairly satisfactorily so far, the main reasons for that state of affairs lying in the following facts. First, the obligation to state the country of final consumption in the Customs declaration ensures prompt payment to the consuming State.[5] Secondly the fact that there are Customs offices in the inland States has resulted in the transit system being used on a pretty wide scale.[6] Again, the use of joint Customs offices has helped to create an atmosphere of mutual confidence.

3. *Recent trends*

However, the need to foster the economic development of a region comparatively ill-favoured by nature has forced the competent authorities to plan a complete re-organization of the Union, so as to give it more cohesion and, hence, more strength to face the outside world. The intention to do so assumed really concrete shape at the close of the Conference held at Bangui in June 1961.

The main decisions taken at Bangui were as follows:

(a) Gradual inclusion of Cameroun in the Customs Union;

(b) Early conclusion of a trade agreement to foster trade with that country;

(c) Preparation, for adoption in early 1962, of a new common external tariff;

(d) Harmonization of internal taxation systems and investment procedures.

[5] The value of this statement is of course not absolute. Allowance must be made for (1) false declarations made to take advantage of differences in the States' internal taxation system and (2) subsequent changes in the destination of goods due to *force majeure* (e.g. emergency replenishment of stocks during the year).

[6] Especially via Pointe-Noire, Brazzaville and Bangui.

Trade between Cameroun and the Equatorial Customs Union has hitherto been governed by a Convention (of 17 March 1955) which provides for duty-free admission of certain products within the limits of annual quotas. This Convention will be replaced by the one concluded at Bangui.

The most important feature of the trade agreement is the establishment of two lists of products (not yet finalized).

List A will include all national products originating in the two countries for which trade should be entirely free. List B will contain products manufactured locally, partly or wholly with imported raw materials. For these products, the arrangement will somewhat differ from that obtaining at present in the Equatorial Customs Union in that taxes will be collected at the border of the importing country and will be lower on imports to Cameroun than on those to the Union. In fact the exports on list B of the Union will be exempted from the "taxe unique" to be collected directly by the Cameroun, whereas the Union will collect the uniform purchase tax (taxe forfaitaire) on imports from the Cameroun.

(c) *The prefential application of quantitative restrictions*

The Customs Unions described in preceding sections are fundamentally concerned with tariffs and do not apply their own independent quantitative restrictions. Only as members of the franc zone do the countries belonging to these Unions (as well as Cameroun and Togo) impose quantitative restrictions of varying range to imports from countries other than France and other members of the franc zone.[7] The existence of these restrictions raises a very delicate problem from the Customs point of view. Import licences obviously cannot be discharged or the exchange regulations bound up with them applied unless there is a written declaration backed by invoices and other documents proving the origin of the goods. As will be explained later,[8] overland traffic enjoyed a variety of concessions outside the generael exchange control rules. The abolition of these concessions,[9] unless accompanied by the setting up of offices with full powers at the main inland frontier crossings, might result in the elimination of all legal overland trade between the Franc Zone and other countries of the region. The difficulties met with in applying this comparatively simple check of origin to overland traffic give an insight into the Customs problems that any free-trade area in West Africa would have to face. While it is true at the moment that there is very little intra-African trade in locally manufactured goods, the situation may evolve rapidly.

[7] Cf. *Economic Bulletin for Africa,* Vol. I, No. 1, p. 57.

[8] *Customs Organization.*

[9] It is generally acknowledged that these concessions gave raise to many abuses.

Although there is still, theoretically, licensing of imports from Japan and the Dollar Area, quantitative restrictions have but little practical importance now in those countries of the region that belong to the Sterling Area. Moreover, even in the past, the application of these restrictions raised no difficulties like those experienced in countries of the Franc Zone, since manufactured products cost appreciably more there.

(d) *Recent trends in preferential arrangements*

The most important change in the countries of the franc zone is a result of the progressive application of the Treaty of Rome.[10] The countries belonging to the Customs Union of West African States have all made two straight reductions of 10 per cent in Customs duties (in the strict sense of the term) on imports from members of the Common Market other than France, and some have also decided upon a third reduction. All countries associated with EEC have raised their quotas on imports from the Common Market, France having made the necessary currency available.

Within the framework of the African and Malagasy Organization for Economic Co-operation *(Organisation Africaine et Malgache de Coopération Economique* (OAMCE)), of which eleven of the West African countries associated with EEC are members, plans are under study for the establishment of a kind of "preferential zone", Over and above these plans, which are rather vague at the moment, there are suggestions for a Customs Union, outlined in the recommendations adopted by the experts of the Monrovia group at Dakar in July 1961. That group comprises, in addition to the members of OAMCE, countries situated outside West Africa, as well as Liberia, Nigeria, Sierra Leone an Togo.

The abolition of Customs barriers on 27 June 1961 between Ghana and Upper Volta created an entirely new situation in this part of the sub-region although quite a number of practical details have still to be worked out. The main features of the new system can be summarized as follows:

(a) Customs posts are replaced by statistical checking points where movements of goods have to be reported by traders and travellers.

(b) On the basis of the statistical evidence Ghana refunds to Upper Volta 90 per cent of the duties raised by her on these goods if they are imported from overseas. The same applies to the export duty on cattle which was previously collected by Upper Volta.

(c) Exports of imported goods from Upper Vol-Volta to Ghana are prohibited as well as re-exports to other countries of goods imported from Ghana.

The whole arrangement was elaborated at a time when the Ghana tariff was significantly lower than the tariff of the West African Customs Union as applied by Upper Volta. The subsequent increase in duties[11] and introduction of purchase taxes in Ghana changed the picture notably.

Lastly, at the meeting of experts of the Casablanca group (which includes three West African countries: Ghana, Guinea and Mali) a resolution was adopted providing for the gradual abolition of Customs barriers and of quantitative restrictions among the member countries over a period of five years beginning on 1 January 1962.

It emerges from these few brief particulars that plans for new economic groupings are in a rather fluid state, not only in West Africa, but throughout the continent. Purely "Customs" aspects of the proposals seem hardly to have been touched on, except under OAMCE auspices. But at any rate the simultaneous existence in West Africa of several dovetailing or superimposed Customs Unions is liable to lead to serious technical complications. Moreover, the economic content of Customs Unions that embrace isolated countries remote from their centres of gravity may be legitimately questioned.

[10] See also documents E/CN. 14/72; E/CN. 14/72/Add. 1 and E/CN. 14/139.

[11] See *Analysis of Rates.*

CUSTOMS ORGANIZATION

(a) *Salient features of the frontiers between the West African States*

The artificial and irrational nature of frontiers in West Africa has been the subject of repeated comment.[1] The lack of regard for ethnic or topographical considerations in drawing these frontiers has often resulted in the separation of economically complementary regions.

The traveller from south to north in West Africa passes in turn through a variety of vegetation zones, the most typical of which are the rain forest, the savannah, the thornland and the Sahara desert. These vegetation contrasts[2] have led to the development of large-scale traditional trade: from north to south in cattle, fresh-water fish, cotton and grains and in the

[1] See also: Introduction and "Transport Problems in Relation to Economic Development in West Africa" E/CN. 14/63, pp. 8 and 9.

[2] The contrasts are accentuated by certain peculiarities of the region. For instance, the tse-tse fly makes cattle rearing very difficult in the forest area, while the abundance of fish in the Niger delta and in Lake Chad gives rise to large-scale fisheries, even conducted by small concerns.

opposite direction in kola nuts and imported manufactures.[3] These trade exchanges have been further strengthened by seasonal migrations, which add to the nutritional deficit in the coastal areas and enable migrant labourers from the interior to buy manufactures to take back home.

During the colonial era, these exchanges were hampered — and then to a very limited extent — only by a few frontiers going East-West (Ghana - Upper Volta, Nigeria - Niger). The difficulties encountered by the West African Customs Union[4] have recently brought up the question of the organization of all the frontiers running parallel to the coast.

With the exception of kola nuts, there is very little trade in locally produced goods between the coastal countries. The fact that the south-north frontiers have nevertheless acquired great importance for Customs Administrations in West Africa is due to the extensive smuggling encouraged by disparities in import duties between the various countries, which are dealt with in Analysis of Rates.

From the point of view of prevention, it may prove useful to divide the frontiers into two groups: marine frontiers and land frontiers.

1. *Marine frontiers*

The West African coast is greatly indented by innumerable lagoons; it is also often flooded. The existence of the well-known surf makes landing difficult outside the few natural and artificial harbours, though the surf can be canoed without too much difficulty. It is not inconceivable that at some future time the need to prevent landings of smuggled goods will face the preventive service with an awkward problem, as in Nigeria at present.

2. *Land frontiers*

It is not possible to describe in a few words the characteristics of the extremely diverse land frontiers. It can nonetheless be said that crossing outside the traditional routes or paths in the forest area is made rather difficult by natural obstacles, though the lagoons and creeks bestriding the frontiers provide ideal passage for small boats. In the north the natural necessity to keep to the routes does not exist to the same degree; but there low population density tends to limit the exchange of goods.

It is necessary, however, to stress one factor of prime importance to the Customs prevention on the land frontiers in West Africa. The existence of under-employment, combined with small monetary earnings, makes smuggling attractive, even if profits are trivial. When thousands of persons are ready to transport goods over long distances on their heads or on bicycles for a meagre rate of return, control limited to roads only is inadequate to stem smuggling.

(b) *Organization of Customs clearance of goods*

Nearly all Customs Administrations are torn between two contradictory demands. On the one hand, they have to adapt their services to the needs of commerce and industry; on the other, they are expected to perform their tasks with the utmost economy. The gap between these two requirements is especially wide in West Africa on account of the limited means put at the disposal of the Customs Administrations.

It is therefore not surprising that the colonial Customs Administrations concentrated their facilities of all kinds and almost all their qualified personnel on the sea ports. The concentration of collection facilities offered and still offers certain advantages, such as efficient use of staff in general, enhanced by the concentration of traffic. As to the land frontiers, they may be said to have been forsaken for a long time; there are few, if any, fully competent Customs offices on them, and even the number of preventive posts is limited.

It is accordingly not astonishing that in the coastal countries the bulk of receipts is collected by Customs at seaports. In the landlocked countries, the few Customs offices located at main railway stations or the termini of road or river communications play a similar role, but their work is seriously hampered by the shortage of qualified staff.

(c) *Functions of Customs offices*

The fully competent Customs offices are in principle equipped to deal with all Customs transactions on the basis of written declaration, including, for the countries in the Franc Zone, transactions pertaining to control of restrictions and prohibitions.[5] In principle, the Customs posts control only non-commercial traffic; but this is of special importance in West Africa, as it in fact comprises the bulk of the traffic between the States of the region (African trade). There are also a few preventive posts with mobile units attached to them.

(c) *Frontier traffic*

One of the most confusing and controversial aspects of Customs Administration in West Africa is the problem of "frontier" or "traditional" traffic. These words conceal a series of very varied transactions. There is first of all petty frontier trading

[3] For more information and details, see *Notes d'information et statistiques de la Banque Centrale des Etats de l'Afrique de l'Ouest,* No. 72, juillet 1961.

[4] See also *Preferential System and their Application.*

[5] By this is meant only control of foreign trade and exchange. Within the framework of this study no account is taken of special prohibitions and restrictions (for instance on matches, arms, beverages etc.).

between the people living along the borders, who need to get their supplies from not-too-distant places. In West Africa it was customery to include in the definition of "frontier traffic" the limited trading engaged in by African peddlars or shopkeepers operating in or near the frontier areas. This local trade exists side by side with the more extensive trade in local produce referred to above.

On the whole, this traffic may be said to have raised no particular problems in the English-speaking countries.[6] This was primarily due to the fact that local products were exempted from all duty. Secondly, purchases of manufactures in neighbouring countries were rather limited because of price differences. This situation enabled the Customs Administration to be very tolerant towards petty traditional trading. However, as neither a written declaration nor an invoice was required, this tolerance has in some limited degree favoured imports of goods originating in third countries and cleared at a value much below the real one.

In the French-speaking countries, on the other hand, "frontier traffic" raised and still raises thorny problems. When exchange formalities were introduced, it was decided that traditional petty trading between French and British territories should be exempted. But restrictions were placed on this traffic, and on import a document had to be produced certfying previous export, according to the principle of "compensated trade". The aim was to maintain the traffic at its previous level.

It would appear that this traditional trade has expanded, mainly because it has not been subject to exchange control and quantitative restrictions. This fact, together with the clearance procedure followed for frontier traffic (no"regular" invoices, oral declarations etc.) and the shortage of Customs technical staff, has given this trade such advantages that the prices charged are unrivalled. The working out of price lists by the Customs Administrations has so far failed to establish more normal conditions.

It is therefore not surprising that, after trying in vain to regulate and narrowly confine "frontier traffic", the Ivory Coast and Senegal have finally withdrawn all tolerance for it. In the Ivory Coast, in particular, formalities for imports by road or lagoon are now identical with those for "established trade", and especially exchange formalities. In Senegal, the latest "compensated trade" regulations are so restrictive as regards both authorizations and the number of permitted crossing points that in practice the tolerance has lost all importance. While in the Ivory Coast these measures are primarily intended to protect established trade, which is the principal source of fiscal revenue, in Senegal the protection of local industries would also appear to have played a certain role, considering the scope of *quantitative* restrictions and absolute prohibitions.[7] In view of inadequate frontier control, which is dealt with later, these measures are liable — at least at present — to transform "frontier traffic" into pure smuggling. If, on the other hand, preventive measures should be considerably strengthened, the result might be a partitioning very detrimental to the interests of the whole region, unless constructive steps were simultaneously taken to promote intra-African trade.

It is well to remember that "frontier traffic" is at present completely free within the two Customs Unions and that it enjoys appreciable facilities between the Equatorial Customs Union and Cameroun.

(e) *Frontier control*

Even at the time when the only Customs in West-Africa was that which separated the French territories from other territories, frontier control was notoriously insufficient. The recent raising of new barriers has merely worsened the situation, as there has been no corresponding increase in staff. It is evident from the answers to the questionnaire that even on the parts of the frontiers that are best controlled, staff does not exceed 30 per 100 miles, the national average everywhere being less than three — and in some countries even below one.

Faced with this situation, the responsible authorities have tried, despite shortage of funds, to take steps to improve the efficiency of the preventive service, especially by concentrating effort on the most "sensitive" and "open" frontier zones. They have also started reorganizing their services, creating mobile units, provided with modern vehicles and equipment, to operate on certain through roads. The fact that the efficiency of the preventive service remains rather limited can be explained by two particular factors which add to the obstacles enumerated in section (a) of this chapter.

To begin with, the frontier concept is rather new in Africa and quite vague for most people. It is the more unreal in that only a few people with inside knowledge can tell the exact border line. The result is — and this is the second factor — that public opinions does not disapprove of smuggling, so that repression is often very difficult.

It is clear from the answer to the questionnaire that smuggling and fraudulent practices constitute an economic problem of prime importance in West Africa. The smuggling of imported goods takes on enormous proportions in all inland countries as well as in Dahomey and Togo. And it is far from negligible in practically all other French-speaking countries.[8]

---

[6] With the exception of Ghanaian frontier traffic with Togo.

[7] Senegal is the only country in French-speaking West Africa that applies absolute prohibitions, (i.e. applies them also to products originating in the franc zone) with the aim of protecting local industries. Cf. *Décret* No. 61-194 M.C.I. of May 1961.

[8] For a description of the price disparities which are the driving force behind the smuggling, see *Analysis of Rates.*

However, in some of these countries abuse of "frontier traffic" has caused more loss of revenue than smuggling proper. In the English-speaking countries smuggling is concentrated on a limited number of imported goods; but it may sometimes take on considerable proportions for export produce when the producer prices are higher in neighbouring countries.

(f) *Personnel problems*

Personnel problems have not been tackled within the framework of this survey, except where they affect the efficiency of the preventive service. As was shown above, the inadequacy of staff (and funds) has, from this point of view, been glaring. It emerged from discussion with responsible Customs officers during the survey that the staffing problem makes itself felt at both the higher administrative and technical levels. This fact is further aggravated by the departure of expatriate officers who cannot be immediately replaced by sufficiently experienced African personnel.

It is not easy to remedy this state of affairs, there being two types of obstacle in the way. As far as concerns recruitment, it is difficult to find candidates with the indispensable minimum of formal education. This is explained partly by the position of the Customs as a poor relative within the Administration. The lack of consideration is reflected, not only in clearly inadequate salaries[9] and extremely limited chances of promotion in comparison with other services, but also, as often as not, in the assignment of dilapidated premises and equipment hardly flattering to the prestige of the service.

Again, with due regard to the complex tasks entrusted to the Customs appropriate training should be provided for newly enrolled personnel. Such training, partly theoretical and partly practical, might, especially for technical staff, be stretched over a number of years. But there is now in West Africa no real Customs school. It is true that courses are organized by some Customs Administrations; but they seem inadequate in present circumstances, and especially in the light of probable future changes in the Customs field. Furthermore, a handful of technical staff has so far been trained in Europe.

To sum up, personnel problems are of two kinds: (1) staff must be increased and (2) training must be improved, especially on the theoretical side. But the latter aspect should be given priority, as it would be futile to engage more staff if the necessary training facilities do not exist. Moreover, it may also be found essential to improve the skill of African staff already in the service. Thus, there is the urgent need to find a solution to the problem of vocational training for Customs personnel. Some suggestions on that subject will be found at the end of this report.

[9] Inadequate salaries and recruitment difficulties also make the fight against corruption among middle and lower staff very difficult.

ANALYSIS OF RATES

(a) *Fundamental principles*

Generally speaking, import duties and taxes collected may be said to have been in the first place basically fiscal in character. But within the franc zone Customs dues proper (though, as we saw above, rates were low) had already assumed in the French West African territories a protective character for the benefit of France and the rest of the Zone. The same can be said for relations between Gambia and Sierra Leone, on the one hand, and the Commonwealth, on the other.

Gradually, with the introduction of local industries, dues collected at the frontier on imported products similar to those manufactured in countries of the region have become more or less markedly protective in nature. Moreover, in Ghana and Nigeria certain duties have been raised to protect new industries. As regards members of the Customs Union of West African States, the main beneficiaries of this form of protection — which, as we have already seen,[1] has been further strengthened by restrictions or prohibitions — are the more industrialized coastal States. It will be seen later that the local industries enjoy other special facilities as regards the imported products they process.

Aside from the purely fiscal reasons that therefore still seem to predominate, other considerations have also come into play in the fixing of rates in some countries. For instance, account was taken of the extent to which products were worked (ex-French West African tariff). The desire to encourage investment and industrial equipment is also playing an increasing role in the fixing of certain rates in all West African countries.

Lastly, several States, and in particular Cameroun and Togo, have been guided by the desire to keep the cost of living as low as possible,[2] among the results being low, or no, taxes on essential commodities and high taxes on luxury products.

(b) *Nature of duties applied*

West African tariffs include *ad valorem* specific and mixed duties. The following table give some idea of their relative importance.

[1] See also *Preferential Systems and their Application.*

[2] In the coastal countries, where foodstuffs are largely imported, taxes on such products have a decisive influence on the cost of living.

TABLE B. I. 2

Nature of the Duties applying to the Various Categories of Imports

Country	*Ad Valorem*	Specific	Mixed	
			Products	Methods
Customs Union West African States	Vast majority of products	Alcoholic beverages Motor fuels Kola Tobacco & cigarettes Matches	Some fabrics Hosiery Spiritous perfumes	*Ad valorem* duty with specific minimum
Togo	Vast majority of products	Cattle Kola Sugar Alcoholic beverages Tobacco & cigarettes Motor fuels	Ethyl alcohol	*Ad valorem* duty with specific minimum
Equatorial Customs Union	Vast majority of products	Certain alcoholic beverages Tobacco & cigarettes Motor fuels	Spirituous liquors Wines Certain cotton fabrics	*Ad valorem* duty with specific minimum
Cameroun	Vast majority of products	Alcohols Tobacco & cigarettes Motor fuels	Fruits prepared or preserved with alcohol	*Ad valorem* duty with specific minimum
Gambia*	approx. 60%	approx. 40% Tobacco Rice Kola Matches Wine Flour Beverages & spiritous liquors Motor fuels & lubricants Cotton or synthetic yarns	Spirituous perfumes	*Ad valorem* duty with specific minimum
Ghana	28% of receipts	52%	20% piece goods & articles made from them	(1) specific combined with *ad valorem* maximum (2) in one case: *ad valorem* rate with specific maximum
Nigeria*	approx. 30%	approx. 40% Alcoholic beverages Cinematographic films Matches Motor fuels Tobacco Certain cotton or synthetic yarns	approx. 30% Certain alcoholic beverages Clothing & underclothing Watches Edible oils Piece goods Certain foodstuffs Galvanied sheeting Umbrellas, parasol	*Ad valorem* duty with specific minimum
Sierra Leone*	approx. 53%	44% Tobacco Matches Motor fuels Beverages & spiritous liquors Cinematographic films Certain piece goods Certain cotton, wool & silk yarns	Clothing & underclothing Cosmetics Perfumes	*Ad valorem* duty with specific minimum

* The percentages given indicate an order of magnitude referring to the number of items.

So in this field also a marked difference is to be noted between the English-speaking and French-speaking countries. Whereas in the former the three collection system occupy a roughly equivalent position, in the latter the *ad valorem* system is far ahead. The importance of the three systems, it may be added, is liable to be modified by the fact that certain products taxed *ad valorem* are so taxed on the basis of official market values, in which case the *ad valorem* duty comes very near in practice to a specific duty.

The predominance of *ad valorem* duties in the French-speaking countries is probably explained by the price instability that characterized the post-War period, that system of collection being the most practical in the circumstances, since the amount of duty is automatically adjusted to price variations. As to specific duties, they are as a rule more suitable for mass-consumption goods (e.g. motor fuels), the unit prices of which are comparatively low and stable; they are, moreover, easy to collect. Mixed duties should, in view of their complexity, be the exception, as calculating them demands two separate operations, which is no way of facilitating the service. It should be added that in most of the French-speacking countries the collection of specific duties results in an overall mixed collection system, as these are normally fiscal duties, the other duties remaining *ad valorem.*

(c) *Range of duties and taxes collected on entry*

Considering the complexities entailed in collecting duties and taxes in certain countries of the region, it was thought worth while to prepare a comparative chart of the various duties and taxes collected by the Customs Administrations. To avoid complicating matters, minor and special duties and taxes have been disregarded (e.g. statistical tax, plant taxes etc.).

TABLE B. I. 3

Duties and taxes collected on entry

Country	Fiscal duty	Customs duty	Uniform purchase tax or uniform surtax	Tax on value added	Purchase tax (differentiated)	Internal taxes: turnover tax, luxury tax etc.	"Highway Fund" tax
Ivory Coast	×	×	×	×		×	
Dahomey	×	×				×	
Upper Volta	×	×	×				
Mali	×	×	×				
Mauritania	×	×	×			×	
Niger	×	×	×			×	
Senegal	×	×	×			×	
Togo	×		×			×	
Equatorial Customs Union	×[a]					×	× (Gabon)
Cameroun	×[b]					×	
Guinea	×[c]						
Gambia		×	×				
Ghana		×[d]			×		
Nigeria		×[d]					
Sierra Leone		×					
Liberia		×[d]	×			×	×

[a] "Entry" duty [b] "Import" duty [c] "Single" duty [d] Non-discriminatory

The above table brings out the remarkable complexity of frontier charges, particularly in French-speaking countries and in Liberia. There is no doubt that this causes serious inconveniences primarily for the Customs Administrations responsible for the collection of the charges, but also for the taxpayers careful at his pennies. All the countries concerned are aware of the urgent need for simplification in this field, and some have already initiated practical steps: witness the new Guinean tariff with its single duty on both entry and exit.

Incentives to local industries

The special regimes applicable to imports by local industrial enterprises have a not inconsiderable effect on the average incidence of duties. They should therefore be summarily analysed, even if the information obtained is not always complete. They may be divided into two categories, according as they concern capital goods or raw materials.

(i) *Industrial machinery and equipment*

In the English-speaking countries, industrial machinery and equipment is almost all entered on the list of products exempted from import duty. The same system is applied in Togo. Regulations are, in theory, different in the other French-speaking countries, where special regimes replace general exemptions, the aim being to promote the setting up of new industries or the expansion of existing ones. Enterprises are subject to an approval procedure. In some States of the West African Customs Union, enterprises approved as "priority undertakings" enjoy complete exemption from Customs duty, fiscal entry duty and uniform purchase tax. In the Equatorial Customs Union, such equipment imported by approved enterprises comes under "long-term fiscal regimes" that allow a rebate on or even exemption from entry duty and turnover tax.

(ii) *Raw materials used in making manufactured products*

In the Customs Union of West African States, facilities are as a rule the same as for machinery and equipment. In the Equatorial Customs Union, these materials come under the so-called "single tax" regime, which consists in a provisional suspension of import duties and taxes and the collection on the worked product of a single tax based on these duties and taxes. Goods exported from countries in the Equatorial Customs Union may be exempted from the single tax. In the English-speaking countries, duties on raw materials or semifinished products have been reduced, while those on certain finished products competing with local products have been increased. Again, local industry has been granted rebates on or exemptions from duty. But these measures are not confined to individual enterprises.

English-speaking countries

Table 4 shows the tariff incidences in British inspired tariffs calculated from the 1958 trade statistics In interpreting the figures it should be remembered that calculations of this type are strongly influenced by the composition of imports: a higher share of imports of heavily taxed goods will increase the average incidence even if the rates for each item is the same for each country. It is also obvious that the allocation of commodities to various classes is rather arbitrary and has principally been conditioned by the limits set by the SITIC. Moreover, the data for some countries, and especially Ghana, have today mere historic interest as there has been significant changes in the tariff schedules in recent years. Table 5, which shows the main changes in the Ghana tariff from 1958/59 to 1961/62, should give the reader an idea about the direction and the size of the changes.

Bearing these modifications in mind it can probably be said that in spite of significant differences in the incidences for certain groups, the general pattern and the overall average incidences do not differ very much. It may be tempting to read too much into the differences that are found in Table 4. This analysis will, however, be limited to a statistical interpretation of the data as too little is generally known about the background. In all the four countries were "Foodstuffs and Raw Materials" more heavily taxed than "Manufactured Goods". This is primarily due to the high duties imposed on beverages and tobacco and fuels in all the countries concerned. Taking into account the purchase tax on landed goods in Gambia, there appears to be a significant difference between the taxes that were paid on imports in Ghana on the one hand and the three other countries on the other, but all four incidences were still noticeably lower than the averages for their

TABLE B. I. 4

Incidences in British-inspired tariffs calculated from trade statistics 1958

	Gambia[a]	Ghana	Nigeria	Sierra Leone
FOODSTUFFS AND RAW MATERIALS	26.1	30.8	35.1	44.4
Food[b]	10.5	2.4	4.3	3.9
Beverages and tobacco[c]	62.7	105.9	119.2	127.3
Raw materials, mainly of agricultural origin[d]	1.1	1.6	20.6	3.5
Metalliferous ores and concentrates and metal scrap[e]	...	25.5	10.9	8.8
Fuels[f]	56.6	55.8	51.9	49.4
MANUFACTURED GOODS	12.0	11.8	17.8	13.0
Capital goods[g]	4.7	2.1	4.0	3.6
Consumer goods[h]	17.1	19.5	30.4	20.6
Base metals[i]	0.1	0.9	5.1	3.2
Other manufactures[j]	7.5	10.0	15.3	10.3
TOTAL IMPORTS	17.1	17.6	21.1	22.2

[a] Not including the purchase tax, which in 1958 averaged 2.4 per cent of total imports.
[b] SITC 0
[c] SITC 1
[d] SITC 2-28, 4
[e] SITC 28
[f] SITC 3
[g] SITC 7-732.01
[h] SITC 65, 732.01, 8
[i] SITC 68
[j] SITC 5, 6 - 65-68

TABLE B. I. 5

Changes in taxation of imports in Ghana

	Import Duties 1958/59	Import Duties 1960/61	Import Duties 1961/62	Purchase Tax 1961	Total Incidence 1961
Spirits:					
All distilled, rectified etc. gallon	5-7-6	5-7-6	11-7-6		11-7-6
Spirits otherwise than in bottles and exceeding 43%. In addition to duty as above, for every degree in excess of 43%	0-2-6	0-2-6	0-5-4		0-5-4
Not potable, perfumed incl., dentifrices, toilet prep. etc. gallon	5-7-6 66⅔%	5-7-6 66⅔%	11-7-6 100%		11-7-6 100%
Denatured; gallon	3-17-0	10%	5-7-6		5-7-6
Tobacco					
Unmanufactured the pound	0-9-3	0-9-3	0-11-3		0-11-3
Cigars ” ”	2-0-0	2-0-0	3-0-0		3-0-0
Cigarettes ” ”	1-17-6	1-17-6	2-16-6		2-16-6
Other manuf. ” ”	1-10-0	1-10-0	2-0-0		2-0-0
Tyres and tubes	—	15%	15%	33⅓%	53⅓%
Wine					
Sparkling the gallon	2-2-0	3-0-0	6-0-0		6-0-0
Still, less than 14.2% ”	0-11-0	0-15-0	1-10-0		1-10-0
Still, 14.2% - 24.5% ”	1-5-0	1-9-0	2-18-0		2-18-0
Musical instruments, gr.ph. records etc.	25%	25%	30%	66⅔%	116⅔%
Domestic stoves, ovens, cookers	25%	25%	30%	33⅓%	73⅓%
Washing machines, vacuum cleaners, floor polish	25%	25%	30%	66⅔%	116⅔%
Desk fans, irons, kettles, boilers, toasters	25%	25%	30%	33⅓%	73⅓%
Carpets, rugs, mats, carpeting	25%	25%	30%	66⅔%	116⅔%
Watches, clocks	25%	25%	30%	66⅔%	116⅔%
Cameras and projectors	25%	25%	30%	66⅔%	116⅔%
Apparel other than knitted wear, under wear and shoes.	25%	25%	30%	33⅓%	73⅓%
Motor vehicles					
(Wheel base less than 9ft. 3 inches)	50-0-0				
(Wheel base is or greater than 9 ft. 3 inches)	150-0-0				
1400 cc		15%	15%	10%	26.5%
1401 - 1700 cc		15%	15%	20%	38%
1701 - 2500 cc		15%	15%	33⅓%	53⅓%
2500 cc		15%	15%	66⅔%	91⅔%
Motor cycles	5%	5%	5%	15%	20¾%
Parts and accessories for vehicles chargeable with duty	5%	10%	10%		10%
Ale, beer, cider, perry porter & stout per gallon.	0-5-0	0-6-0	0-13-6		0-13-6
Boots and shoes, made principally of canvass and rubber; pair	0-0-9 20%	0-0-9 20%	0-1-3 33⅓%		0-1-3 33⅓%
Other shoes, including sandals, slippers, house shoes and other footwear	20%	20%	33⅓%		33⅓%
Bags and sacks ordinarily imported for packing and transp. of produce, each	0-0-2	0-0-2	0-0-4		0-0-4
Bicycles and tricycles	5%	5%	5%	15%	20¾%

TABLE B. I. 5 (Continued)

	Import Duties 1958/59	Import Duties 1960/61	Import Duties 1961/62	Purchase Tax 1961	Total Incidence 1961
Cotton or Silk Manufactures:					
Printed, coloured or dyed in the piece; sq.yd.	0-0-6 20%	0-1-0 25%	0-1-0 50%		0-1-0 50%
Velvets, plushes & other pile fabrics; sq.yd.	0-1-6 20%	0-2-0 25%	0-2-0 50%		0-2-0 50%
Fents; pound	0-1-6 20%	0-2-0 25%	0-2-0 50%		0-2-0 50%
Knitted or interlock fabrics; pound	—	0-1-6 25%	0-2-6 50%		0-2-6 50%
Grey unbleached; sq.yd.	—	0-1-6 25%	0-1-6 25%		0-1-6 25%
White bleached; sq.yd.	—	0-0-6 25%	0-0-10 40%		0-0-10 40%
Handkerchiefs	20%	20%	50%		50%
Electric bulbs etc.	10%	10%	20%		20%
Furniture, complete	25%	40%	40%	66⅔%	133⅓%
Sewing machines	12.5%	12.5%	12.5%	33⅓%	50%
Illuminating oils, incl. kerosene; gallon	0-0-7	0-0-7	0-1-0		0-1-0
Motor spirits; gallon	0-1-9	0-1-9	0-2-3		0-2-3
Diesel, furnace, fuel and gas; gallon	—	—	0-1-0		0-1-0
Paints, colours etc.	10%	10%	20%		20%
Perfumery, cosmetics etc.	66⅔%	66⅔%	100%		100%
Jewellery, including imitation jewellery etc.	25%	50%	50%		50%
Provisions					
Biscuits etc. not containing more than 5% sugar; pound	0-0-3	0-0-6	0-1-0		0-1-0
Other biscuits, bread and cakes; pound	0-0-9	0-1-0	0-2-0		0-2-0
Coffee; pound	0-0-6	0-0-6	0-1-0		0-1-0
Chocolate, other than slab, sweets, marmelade, etc.	33⅓%	33⅓%	50%		50%
Slab chocolate	25%	10%	10%		10%
Flour and meal of wheat; pound	—	—	0-0-2		0-0-2
Lard and rendered pig fat; pound	—	—	0-0-6		0-0-6
Meat; pound	—	—	0-0-3		0-0-3
Salt; pound	—	—	0-0-3		0-0-3
Sugar; pound	—	—	0-0-3		0-0-3
Vegetables; pound	—	—	0-0-6		0-0-6
Essences, syrups etc. for use in preparation of soft drinks	25%	25%	50%		50%
Radioes etc.	45%	45%	45%	33⅓%	93⅓%
Refrigerators and air conditioners	10%	10%	10%	66⅔%	83⅓%
Common soap in bars the 100 lbs.	0-5-4	0-5-4	0-11-0		0-11-0
Matches the gross box	0-8-0	0-12-6	0-12-6		0-12-6
Nails, bolts, nuts, washers, rivets screws etc. of base metals not particularly exempted	25%	33⅓%	33⅓%		33⅓%
Accumulators (electric storage batteries)	10%	25%	25%		25%
Aluminium, asbestos, cement, iron and steel sheets; sq.ft.	—	0-0-2	0-0-2		0-0-2
All other goods not part. exempted	25%	25%	30%		30%

French neighbours. Increases both in dutiable imports and in the rates since 1958 have narrowed this gap.

The incidence for food imports is much higher in Gambia than in the other countries. This appears almost entirely to be a result of a high incidence for fruits and vegetables, which account for nearly one quarter of the total import bill for food in the country, due particularly to the substantial imports of kola nuts. Out of the four countries, only Gambia is a net importer of kola nuts. There is also a striking difference between the incidence on beverages and tobacco in Gambia and the three other countries. This may be a feature of the special trade relations between Gambia and Senegal.

The high incidence in Nigeria on raw materials, mainly of agricultural origin, stems from a very high duty on salt, which in Nigeria is an important import commodity in this group. In the Nigerian tariff salt carries a mixed duty of £ 3 13s 0d ton or 20 per cent, while in Gambia and Ghana salt was exempted from duty and in Sierra Leone carried a duty in the preferential tariff of 1s per cwt. The incidences for metalliferous ores and concentrates and metal scrap are only given to present a complete table. Imports of these commodities are negligible in British-speaking West African countries.

There is a distinct difference between the indence on manufactured goods in Nigeria on the one hand and the three other countries on the other. This is not a result of different import compositions, as most of the manufactured goods in Table 4 show the same tendency. The high incidence on consumer goods in Nigeria is primarily the result of a much higher duty on textiles, which constitute nearly two-thirds of total imports of consumer goods. The incidence on passenger cars, at 14.5 per cent, is also around the double of the incidences in the three other countries.

The higher incidence on base metals is general for most items in the Nigerian imports as compared with the other countries. On corrugated iron sheets, for instance, the Nigerian incidence is 4.2 per cent as compared with nil per cent in the other countries and for joints, girders, angles, etc., the Nigerian incidence is nearly 20 per cent compared with 12.3, 0.5 and nil per cent respectively in Sierra Leone, Ghana and Gambia.

The striking feature of the group of "other manufactures" is the difference between the Gambian and the Nigerian incidences, with Ghana and Sierra Leone occupying intermediary positions. This is a group containing a wide variety of goods, from medicinal products to rubber manufactures. The incidences of the Gambian import duties proper are generally lower on most items in this group, while the incidence in Nigeria as compared with Ghana and Sierra Leone is higher for all items except paper products, where it is approximately the same. On one of the most important single commodities, cement, the Nigerian incidence is 15.9 per cent as compared with zero in the three other countries.[3]

French-speaking countries

It is unfortunately impossible to calculate the incidence of duties for the French-speaking countries, as the latter's published statistics do not show the amount of duty collected by category of products.[4] In addition, the calculation of the incidence of frontier charges is rendered very difficult by the overlapping of many taxes described above.[5] The French-speaking countries may on the whole be sub-divided into two categories: those applying the high-rate preferential tariff of ex-French West Africa and those applying a non-discriminatory tariff at much lower rates.

(i) *Tariff of the Customs Union of West African States*

The main factor in the high rate of charges in these countries is not Customs duty proper or "fiscal duty", but the uniform purchase tax or the other duties that replaced it. Originally, the standard rate for that tax was 15.57 per cent, with a reduced rate of 2.22 per cent for most capital goods and a few raw materials. The tax is levied on the Customs value of the goods plus entry duties, which considerably aggravates its effect. The rates charged at present are as follows:

[3] Nigeria is the only English-speaking West African country with a cement industry.

[4] One of the top priorities of the foreign trade statistics programme should be the mechanical processing of Customs receipts.

[5] But an attempt has been made in the analysis of taxation rates given later to calculate the incidence for selected products.

TABLE B. I. 6

Rates of the uniform purchase tax and related charges in the Customs Union of West African States

(Percentages)

	Ivory Coast	Dahomey	Upper Volta	Mali	Mauritania	Niger	Senegal
Uniform purchase tax[a]	7.53[b]	15.57	25.00[c]	15.57[c]	19.24[c]	15.57[c]	19.24[c]
Internal tax[d]	9.00[e]	1.80			5.00[f]	2.50	5.00[f]
Total	17.21	17.37[g]	25.00	15.57	25.60	18.07	25.60

[a] Special entry tax in the Ivory Coast.
[b] 0.0 per cent for industrial equipment and raw materials.
[c] 2.22 per cent for industrial equipment and raw materials.
[d] Tax on value added in the Ivory Coast, super-imposed on value plus duties plus uniform purchase tax.
[e] 4.0 per cent for industrial equipment and raw materials
[f] Super-imposed on value plus duties plus uniform purchase tax
[g] 4.2 per cent for industrial equipment and raw materials

On the other hand, the States of the Union have, with very occasional exceptions, preserved common rates for Customs and fiscal duties. The minimum tariff rate[6] for Customs duties proper ranges from 0 to 10 per cent for basic foodstuffs, raw materials and capital goods and from 5 to 20 per cent for most current consumption commodities, whereas it stands at 30 per cent for motor vehicles (provisionally reduced to 25 per cent) and at 75 per cent for manufactured tobaccos.

The (non-discriminatory) fiscal duty rates are often twice or three times higher than Customs duty rates, though there are many exceptions that make the structures of the two very different. The differences are further accentuated by the fact that quite a number of fiscal duties have specific or mixed rates. Generally speaking, however, *ad valorem* fiscal duties do not exceed 20 per cent, except in the case of a few luxury articles (jewellery, perfumes, fire-arms and ammunition), the incidence of specific duties on alcoholic beverages, cigarettes and matches being naturally higher.

Though the incidence of all duties and taxes has not been computed for each category of products, some countries report partial calculations in their replies to the questionnaire. The Ivory Coast, for instance, states that the incidence of all duties on manufactured products ranges from 35 to 60 per cent. In Senegal, the mean range is estimated at 50 percent of the CIF value, with peaks of 80-90 per cent for alcoholic beverages, perfumes, motor vehicles and hunting rifles. Ranges by origin calculated in Niger show: 35 per cent for goods coming from the franc zone, 45 per cent for those from other EEC countries, and 47 per cent at the minimum tariff and 70 per cent at the general tariff for those from other countries.

It may be said, in conclusion, that, as a result of the nearly general application of the uniform purchase tax, the incidence of duties is fairly high, within a relatively narrow range from one category of consumer goods to another, while under the special regimes described above it is impossible to estimate incidences for capital goods and raw materials.

(ii) *Non-discriminatory tariffs*

A uniform purchase tax (or the like) also exists in the French-speaking countries applying a non-discriminatory tariff (except Guinea); but the rate is generally lower (8.5 per cent in Gabon, 11 per cent in other countries of the Equatorial Customs Union, 15 per cent in Cameroun, and 15.71 per cent in Togo). There are also reduced rates and exemptions.[7]

[6] The general tariff, which is three times higher, applies to goods coming from countries which do not enjoy the most-favoured-nation clause, e.g. Japan.

[7] There is no reduced rate in Togo, where exemptions apply not only to all equipment but also to many basic foodstuffs, as well as candles, cotton yarns, fishing nets and certain other articles used for fishing.

TABLE B. I. 7

Incidence of Frontier Charges on Togolese Imports (percentages of CIF values, unweighted averages 1958-59[a])

Vegetable products of which	*58*
Raw tobacco	95
Food products of which	*39*
Rice, flour, dairy produce	19
Sugar	20
Wines	30
Alcoholic beverages	110
Raw materials and semi-products of which	*24*
Building materials	25
Chemical products	35
Products of engineering and electrical industries of which	*18*
Machinery	17
Motor vehicles, cycles	21
Electric appliances	25
Hardware	30
Textiles and leathers of which	*34*
Yarns and fabrics	33
Clothing	40
Industrial products (miscellaneous) of which	*64*
Pharmaceutical products	45
Tobaccos	113
Matches	74
Total	35

[a] Duty rates remained unchanged in 1958-59.

In the Equatorial Customs Union, the average level of entry taxes and duties was 15.94 per cent in 1960, with approximately 5 per cent for heavy equipmnt and 25 per cent for current consumption goods.[8] The incidence on so-called "luxury" goods is much lower than in the other Customs Union — less than 50 per cent for perfumes and fire-arms and not more than 25 per cent for motor vehicles. No computations are available for the Cameroun tariff, which resembles the Equatorial Customs Union's in structure but its incidences are possibly one third higher. There are of course differences of detail; e.g. the tax on motor vehicles is higher and that on perfumes lower than in the Customs Union.

The above table is extracted from the "Comptes économiques du Togo" (National accounts of Togo)

[8] It should be noted that until 17 October 1960 the uniform purchase tax rate stood everywhere at 8.5 per cent. The incidence would therefore be higher in 1961.

TABLE B. I. 8

Changes in Togo tariff rates - March 1691

Designation of products	Tariff No.	Import fiscal duty		New import fiscal duty	
		Unit	Duty rate	Unit	Duty rate
Tea:	09-04				
Green		value	20%	value	10%
Black		value	20%	value	10%
Margarine, imitation lard & other prepared edible fats	15-13	value	20%	value	5%
Sugar confectionery, not containing cocoa	17-04	value	30%	value	15%
Perfumery,cosmetics & toilet preparations:	33-06				
Shaving creams	B	value	40%	value	30%
Other	C				
Non-spirituous	Ca	value	40%	value	10%
Perfumed vaselines	Ca^1	value	40%	value	30%
Other	Ca^2	value	40%	value	30%
Spirituous	Cb	value	40%	value	30%
Natural cork, unworked, crushed, granulated or ground; waste cork	45-01	value	20%	value	10%
Natural cork in blocks, plates sheets or strips (including cubes or square slabs, cut to size for corks or stoppers)	45-02	value	20%	value	10%
Articles of natural cork	45-03	value	20%	value	10%
Agglomerated cork (being cork agglomerated with or without a binding substance) and articles of agglomerated cork	45-04				
Semi-worked agglomerated cork		value	20%	value	10%
Worked agglomerated cork		value	20%	value	10%
Plaiting materials bound together in parallel strands or woven, in sheet form including matting, mats and screens; straw envelopes for bottles	46-02				
Matting and the like	—	value	20%	value	10%
Building board of wood pulp or of vegetable fibre, whether or not bonded with natural or artificial resins or with similar binders	48-09	value	20%	value	10%
Cotton yarn put up for retail sale	55-06				
Twine, cordage, ropes and cables, plaited or not:	59-04				
Unplaited	A	value	20%		
Measuring 40 m. or more per kg.	A^1			value	20%
Measuring under 40 m. per kg.	A^2			value	10%
Plaited	B	value	20%		
Measuring 40 m. or more per kg.	B^1			value	20%
Measuring under 40 m. per kg.	B^2			value	10%
Knitted or crocheted fabric, not elastic nor rubberized	60-01	value	25%	value	10%
Gloves, mittens and mitts, knitted or crocheted, not elastic nor rubberized	60-02	value	25%	value	10%
Stockings, under-stockings, socks, ankle-socks, sockettes and the like, knitted or crocheted, not elastic nor rubberized:	60-03				
Baby's socks and other articles (layettes)		value	25%	value	10%
Other		value	25%	value	10%
Knitted or crocheted fabric and articles thereof, elastic or rubberized (including elastic knee-caps					

TABLE B.I.8 (Continued)

Designation of products	Tariff No.	Import fiscal duty		New import fiscal duty	
		Unit	Duty rate	Unit	Duty rate
and elastic stockings	60-06	value	25%	value	10%
Travelling rugs and blankets	62-01				
Mixed with cotton & miscellaneous textile waste, weight of cotton predominating in the mixture		value	25%	value	10%
Bed linen, table linen, toilet linen & kitchen linen; curtain & other furnishing articles	62-02				
Bed or table linen		value	25%	value	10%
Toilet or kitchen linen		value	25%	value	10%
Clothing, clothing accessories, travelling rugs & blankets, household linen & furnishing articles (other than articles falling within heading No. 58.01, 58.02 or 58.03), of textile materials, footwear & headgear of any material, showing signs of appreciable wear & imported in bulk, bales, sacks or similar bulk packings	63-01				
Unusable before repair or cleaning		value	40%	value	10%
Other		value	40%	value	10%
Footwear with outer soles & uppers of rubber or artificial plastic material	64-01	value	20%	value	10%
Footwear with outer soles of leather or composition leather; footwear (other than footwear falling within heading No. 64.01) with outer soles of rubber or artificial plastic material	64-02				
With uppers of leather or composition leather		value	20%	value	10%
With uppers of silk or floss silk (schappe) or any brocaded, spangled or embroidered fabric or felt		value	20%	value	10%
With uppers of rubber or artificial plastic material		value	20%	value	10%
With uppers of other material with rubber soles & fabric uppers		value	20%	value	10%
Other		value	20%	value	10%
Small glassware (beads, pendants & the like; imitation full or hollow pearls, precious stones etc.); imitation or synthetic gems etc.	70-19D	value	30%	value	10%
Small glassware articles (flowers, leaves, ornaments & crowns of pearls etc.)	70-19E	value	30%	value	10%
Lamps & lighting fittings, of base metal, & parts thereof, of base metal	83-07				
Non-electric lighting fittings and parts thereof (other than burners)	A				
Storm-lamps, including liquid fuel (gas etc.) types	83-07 Aa	value	20%	value	10%
Miners' lamps	Ab	—	Exempt	—	Exempt
Other	Ac	value	20%	value	10%
Primary cells & primary batteries	85-03	value	20%	value	10%
Fish-hooks, line fishing rods & tackle; fish landing nets and butterfly nets; decoy "birds", lark mirrors & similar hunting or shooting requisites	97-07				
Unmounted hooks	A	value	20%	value	5%

prepared by the *Banque Centrale des Etats de l'Afrique de l'Ouest*. Though some of the figures should be interpreted with caution (particularly that for the rate of machinery, which seems too high), it does emerge that in 1958-59 Togo occupied a place midway between Cameroun and the Customs Union of West African States. The comparatively high incidence of duties is largely due to the excessive share in Togolese imports of alcoholic beverages and tobaccos, on which there are fairly heavy taxes. The Togolese tariff is akin in structure and range to those of Cameroun and Ghana (before the changes of July 161), as a result of its being pretty radically recast in March 1961. As can be seen from the next table, one effect of the revision was to reduce the overall incidence of duties and taxes to less than 28 per cent for a large number of current consumption goods that were formerly taxed at 45 per cent or more.

(d) *Discrepancies in taxes on imported products and problems raised by attempts towards their harmonization*

It is evident even for a casual observer that there are sizeable differences between the price level of imported goods in the various countries of West Africa and in the first place between those of the franc zone and those of the sterling area. The formation of prices for these products is undoubtedly determined by a number of factors some of which, such as freight and internal distribution costs, have nothing to do with the customs. On the other hand the two most important factors, namely the incidence of taxes on imports and quantitative restrictions applied to cheaper sources of supply, are managed by the customs administration.

Table 9 is drawn from a study made by the *Banque Centrale des Etats de l'Afrique de l'Ouest*. It gives a first approximation of the average incidence of duties and taxes on imports in most of the countries of the sub-region. The figures show that this incidence was substantially higher in the former French West Africa and in Togo than in the English speaking countries as well as in the Cameroons and former French Equatorial Africa. The value of these figures is, however, very limited for the following reasons:

In the first place, in former French West Africa which had a discriminatory tariff, the average incidence is depressed by the very high share of imports from the franc zone which did not pay import duties (in the narrow sense). The average incidence on imports coming from outside the franc zone is substantially higher.

In the second place, as indicated above, the average percentages shown do not reflect the considerable discrepancies in taxation on the various categories of goods.

Since the incidence of taxation is everywhere slight on capital goods and industrial raw materials, the difference between French-speaking and English-speaking countries is considerably greater for other products than is brought out by the average percentages.

Unfortunately, it was not possible to complete the table for more recent years. Things have changed to quite an extent since: in most countries of ex-French West Africa the "uniform purchase tax" has been increased in large proportions and by now it would be meaningless to use a single figure for the whole Customs Union of West African states, given the present great differences from one country to another. Duties have also increased somewhat in Nigeria and very strikingly in Ghana, whereas they have decreased in Togo. In spite of their limited validity it would be extremely useful to try to collect such data currently from all the countries of the sub-region.

It goes without saying that these figures cannot give any indication on the impact of the quantitative restrictions on the level of prices. It is, however, striking that within the countries belonging to the franc zone there is an inverse correlation between the incidence of duties and the stringency of quantitative restrictions: as general rule those countries which had a non-discriminatory tariff were subjected to strict licensing of imports from outside the franc zone but the incidence of the tariff itself was relatively small. In former French West Africa the discriminatory tariff was combined with a certain liberalization of imports and the incidence of the tariff proper was much higher.

Finally, it is necessary to bear in mind a point which does not enter directly in the area covered by this report. This point concerns the considerable discrepancies in export duties and taxes between French-speaking and English-speaking countries, the latter drawing an important share of their revenue from *that source*. Unfortunately, it is not possible to illustrate this situation with appropriate figures since very frequently important shares of these revenues were in fact collected by the Marketing Boards which performed on their own account functions devolved elsewhere to *the state* administration.[9]

The differences in taxes are naturally much more important if one goes down to individual products and particularly manufactured consumer goods. One approach to the problem consists of selecting clearly identifiable goods and of calculating the duties and taxes raised on it in various countries supposing an identical CIF value. Quite a number of computations of this nature have been made by private bodies such as chambers of commerce. The following table shows similar calculations by the ECA Secretariat for a certain number of consumables.

In interpreting table 10 one has to bear in mind that the original calculations were made with the view of obtaining from the governments a decrease of taxation in order to favour direct imports. It is, therefore, not astonishing that the products shown in

[9] Cf. Economic Bulletin for Africa, Vol. I, No. 2, p. 1-28

TABLE B. I. 9

Average incidence of duties and taxes on imports
As per cent of total CIF value of imports

Country	1956	1957	1958
French West Africa	30.9	34.1	34.2
Togo	33.3	34.5	34.7
Cameroon	17.6	19.2	22.4
French Equatorial Africa	15.7	14.9	15.9
Sierra Leone	20.4	18.5	22.2
Ghana	17.1	17.3	17.6
Nigeria	21.2	21.6	21.1

the table represent extreme cases of goods particularly vulnerable to smuggling. The figures have to be considered, therefore, as illustrations of a situation and not as examples representing averages. The other reservation is that, as it was mentioned above, it is somewhat artificial to try to isolate the fiscal element in price formation. In practice the CIF prices are *not* the same in various countries even for exactly identical products. They tend to be higher in the French-speaking than in the English-speaking countries and higher in the ports where large scale imports take place than in smaller ports. On the other hand, these comparisons have to assume that similar goods can be imported freely in all the countries concerned whereas in practice this continues not to apply to imports from Hong Kong or Japan to the French-speaking countries, not to mention the absolute prohibitions (e.g. matches) in Senegal. This being said, the figures of the table indicate the immense discrepancies which exist between neighbouring countries and provide considerable incentives to smuggling which has assumed large proportions and is extremely harmful in some countries. It may, in the future, even jeopardize economic development and particularly industrialization.

Under these circumstances, it can be stated that "harmonization of import duties appears to be one of the first conditions of balanced growth in West Africa".[10] Until now, there is no evidence of a concerted effort undertaken with a view of achieving such a harmonization. The only attempts of some importance were made in the framework of the Customs Union of West African states in order to avoid the dislocation of the existing common external tariff, but they have been in contradiction with the immediate economic interests of the member states and proved unable to counteract their centrifugal tendencies. There have also been some partial adjustments between Ghana and Nigeria.

In the spite of the absence of concerted action in this field, there has been a significant reduction in the price disparities between French-speaking and English-speaking countries. This reduction resulted on one hand from unilateral decisions taken by some countries and on the other from the general economic and financial development.

Certain unilateral decisions were taken by some French-speaking countries particularly exposed to smuggling. In this way in Dahomey and Niger, the uniform purchase-tax on printed cotton cloth and on enamelwear was decreased from 15.57 to 2.22 per cent and the fiscal duties from 15 to 5 per cent. A smaller decrease of the uniform purchase tax on printed cotton cloth was also introduced in Upper Volta and recently in the Ivory Coast. Changes in the Togolese tariffs were referred to above. It can be seen that all these reductions were limited to a few particularly vulnerable items. Although they have been applied for a relatively short period, one can trace their influence in increases of imports to the countries concerned and particularly to Dahomey. Nevertheless, these partial measures have hardly influenced the overall level of taxation except in Togo.

The tendency towards an increased taxation of imports in the English-speaking countries has also contributed to a certain decrease in the price disparities. This is particularly true for Ghana where the fiscal measures introduced in July 1961 have raised the level of taxation on imported goods to a level comparable to that applying in a number of French-speaking countries and even higher than that obtaining in Togo.

Besides these unilateral measures, the economic development of last few years resulted also indirectly in a decrease of price disparities between countries of the franc zone and other West African countries. The devaluation of the French franc at the end of 1958 has decreased by about 1/10 the level of the franc zone prices in relation to the world market prices. This may not have had a great impact on West Africa where the West African pounds necessary for smuggling or "frontier traffic" have been generally bought on the black market and the *agio* paid has absorbed part of the price difference. The really important factor was the strengthening of the French franc which made it possible to increase substantially import quotas from hard currency areas opening thus widely the access to cheap sources of supply. The enlargement of quotas from the countries of the European Common Market had a similar influence.

If the trend described above continues the traditional cleavage between high tariff and high price French-speaking countries and low tariff and low price English-speaking countries will disappear within a few years. However, this does not imply an elimination of price disparities. If countries follow their immediate financial interests, those with a huge internal market and significant industrial prospects in the field of import substitution will tend to increase their tariffs both for protection and for revenue purposes whereas countries with smaller markets may be tempted to take advantage of the situation by sticking to their present tariffs or even furher lowering them. In view of the long term economic interests of the sub-region as a whole the new disparities in tariffs may prove to be as harmful as the old ones.

[10] Banque Centrale des Etats de l'Afrique de l'Ouest: *Notes d'information et statistiques*, N. 52, Novembre 1959, P. 20.

6

TABLE B. I. 10

Fiscal disparities on importation (price after customs clearance in CFA francs for identical CIF values)

Commodity BTN nomenclature	CIF Value	Senegal [a]	Liberia [b]	Ivory Coast [a]	Upper Volta [a] 1969	Upper Volta 1961[a]	Ghana until 1960	Ghana 1960	Ghana 1961	Togo	Dahomey [a]	Nigeria 1959	Cameroun	Equatorial Customs Union[c]
Cotton fabrics														
Unbleached 55-09 Ala1 less than 500 g. per m² from Hong-Kong piece of 30 meters	959	1627	1313	1530	1496	1620	959	1198	1198	1187	1521	1198	1235	1192
White 55-09 A1b from Netherlands 30 meters	972	1641	1328	1544	1511	1634	972	1215	1263	1294	1534	1215	1252	1209
Dyed 55-09 A1c from Netherlands 30 meters	1530	2936	2020	2760	2704	2925	1836	1913	2295	1947	2747	1912	1971	1903
Cotton fabrics manufactured from yarn in various colours (dyed yarn) A2d from Netherlands piece of 20 yds.	1138	2018	1504	1901	1858	2010	1365	1422	1707	1515	1887	1422	1492	1415
Printed or similar A1e from Netherlands piece of 12 yds.	1950	3305	2574	3109	3042	2896	2340	2437	2925	2368	3090[d] (2437)	2437	2646	2424
Transistor radio Japanese 85-15B	6000	10617	7200	9986	9777	10575	6000	6000	7998	8331	9929	6000	7866	7592
Radio set Germany 85-15B	10000	15938	12000	15003	14677	15875	14500	14500	17830	13885	14905	12000	13110	12654
Hurricane lamp 83-07 A a from United Kingdom	127	195	190	183	179	194	127	127	165	176	182	152	164	156
Enamelled bowls 73-38 from Hong-Kong	24	38 (32)[d]	34	35	35	38	30	30	31	31	35	30	32	29
Matches Swedish 36-06 60 cases 12 boxes	25	81	38	76	75	81	49	60	60	46	76	60	33	33
Bicycles 87-10 from Japan	10000	16943	13000	15823	15601	16875	10500	10500	12075	13885	15845	12000	13225	12432
Cotton yarn prepared for retail sale. Twisted yarn (other than multicoloured) for fishing, presented in hanks of more than 90 g. 55-00 Z	100	147	120	137	135	146	100	100	130	110	137	100	100	124
Cigarettes English 24-02	63	178	151	176	173	187	218	218	295	116	198	243	91	161

[a] It is not taken account of the reduced rates on imports from EEC
[b] The duties are calculated on the FOB value.
[c] In Gabon the uniform purchase tax is 8%
[d] Since 1960

Chapter B. II

TRADE OF EAST AFRICA

INTRODUCTION

The term East Africa, as applied in this paper covers the three territories of Kenya, Tanganyika and Uganda. They cover an area of 682,000 square miles and have a population of about 22 millions. Kenya and Uganda have been under British administration since before the beginning of the present century, but Tanganyika (formerly German East Africa) became a British mandated territory under the League of Nations only after the end of the first world war, and it became a United Nations Trust territory after the second world war.

East Africa's economic importance lies not only in its own size and resources, for it covers only about one twentieth of the land area of Africa and contains about one twelfth of the total population, but also in its potential contribution to economic development in the eastern part of the continent between the Zambezi River and the Horn of Africa. This is partly due to its geographical location, since it shares frontiers with no less than seven other African countries:- Somalia, Ethiopia, Sudan, Congo, Northern Rhodesia, Nyasaland and Mozambique, and is closely and traditionally linked with an eighth, Zanzibar.

Each of the three territories has had its own government on the British Colonial model, headed by a Governor advised by Legislative and Executive Councils whose composition has included an increasing number of non-official members. At the present time the legislatives of all three territories are predominantly elected. Tanganyika has achieved independent at the end of 1961. Uganda also has an elected African ministry, and is likely to be internally self-governing by the end of 1962, and Kenya is also rapidly approaching full independence. General responsibility for the administration of the three territories has resided in the Colonial Office in London, despite the slightly different constitutional status of each: Kenya is a Colony, Uganda is a Protectorate, and Tanganyika was a Trust Territory of the United Nations. Each territorial government has enjoyed a considerable measure of internal autonomy in both political and economic affairs, although there has always been some co-ordination between them, and they maintain a number of common economic arrangements and services which provide a framework of economic unity for the region.

At the present time the three territories form a customs and currency union, and there is almost complete internal freedom of trade. There are no restrictions on the movement of capital between the territories and few restrictions on the movement of persons. In addition to common customs tariff there is a common income tax system as well as common excise rates. A number of important economic services (such as the East African Railways and Harbours, and the Posts and Telecommunications Administration) are administered jointly, as also are certain scientific and research services, under the general authority of the East Africa High Commission, which was established in 1948. The Commission has its own legislature (the Central Legislative Assembly) with powers to legislate on these interterritorial affairs. This organization is in future to be known as the East African Common Services Organization, following a conference held in London in June 1961, which was called to deal with the constitutional problems arising from Tanganyika's imminent independence. In addition to the formal economic arrangements there are also frequent consultations between the governments on a wide range of economic affairs.

However, although there are these close interterritorial links, the present arrangements fall short of providing a full economic union. There is no common economic policy, each territory has its own budget and development programme, and although the central East African fiscal machinery is responsible for collecting a large proportion of the governments' revenue, there is still a wide field of taxation which is left entirely within the authority of the individual governments, who are responsible for the economic welfare of the citizens of their countries.

Thus, one of the most important features of the East African economy is this three in one relationship: separate governments which nevertheless co-operate closely with one another in many

fields of economic policy. Inevitably, this has led in the past to conflicts of interest, and this and related matters are discussed in some detail later.

The diversity of the three territories is not confined to the existence of separate administrations: historically and economically there are very important differences between them. Thus, for example, Kenya has been a country in which European settlement has been encouraged, and European agriculture has provided an extremely important element in the growth of the Kenya economy. In Uganda, on the other hand, there is almost no permanent European settlement and the European population is principally made up of government officials, missionaries, teachers and representatives of the larger expatriate companies. The economy rests almost entirely on African peasant agriculture producing two major cash crops: cotton and coffee. Tanganyika, the largest and poorest of the three territories, although constitutionally the most advanced, is a mixture of economies, and perhaps this may prove to be its future strength. There are European owned mixed farms and plantations, there is African peasant farming ,and there is a strong co-operative movement. Although Kenya has so far held the lead in industrial development, there has been an important growth of this sector in Tanganyika in recent years.

In all three territories the largest non-African groups in the population are the persons of Asian origin, many of whom are second and third generation residents, and who occupy an extremely important position in trade and commerce, and also in the processing and marketing an agricultural produce.

The following table provides a summary of some of the more salient features of the economies of the three territories, and of the region as a whole:

	Kenya	Uganda	Tanganyika	East Africa
Total Area (000 sq. miles)	225	94	363	682
Population (thousands				
European:	68	12	22	102
Asians, Arabs & others:	274	81	117	472
Africans:	6264	6550	9098	1952
National Income				
Gross Domestic Product:				
(£ millions)	215	150	177	542
Agriculture:	64	87	80	231
Manufacturing:	20	6	7	23
Exports (1959) (£ millions)	38	43	47	128
Imports (1959) (£ millions)	62	26	34	122
Government Revenue				
(1959/60) (£ millions)	41	21	26	88
Government Expenditure	42	28	27	97
(1959/60) (£ millions	42	28	27	97

The plan of the article is as follows: Part I provides a summary of East Africa's foreign trade, and an analysis of its volume and structure at the present time; and Part II is a discussion of the institutions of the East African Common Market and the pattern of inter-regional trade, first within the three East African territories and, second, with other neighbouring African countries.

East Africa's trade has so far developed in three main directions: first, following the traditional pattern of a tropical dependent territory, by supplying exports of primary produce to the industrialized countries of Europe, Asia and America, and purchasing from them manufactured articles; second, because of the existense of a number of favourable historical and institutional factors, there has been a considerable growth of interterritorial trade between Kenya, Uganda and Tanganyika; and third there has been some development of trade between East Africa and the seven neighbouring countries. This last type of trading activity has so far been small in total, but as the economies of all these countries begin to mature, and as increasing regional specialization takes place, it can be expected to grow. The existence of favourable institutions of economic co-operation within East Africa has stimulated the growth of interterritorial trade, while the absence of such institutions on a wide basis has inhibited the growth of regional trade which could provide a new impetus to economic growth in the region.

PART I

The Structure of East Africa's Foreign Trade

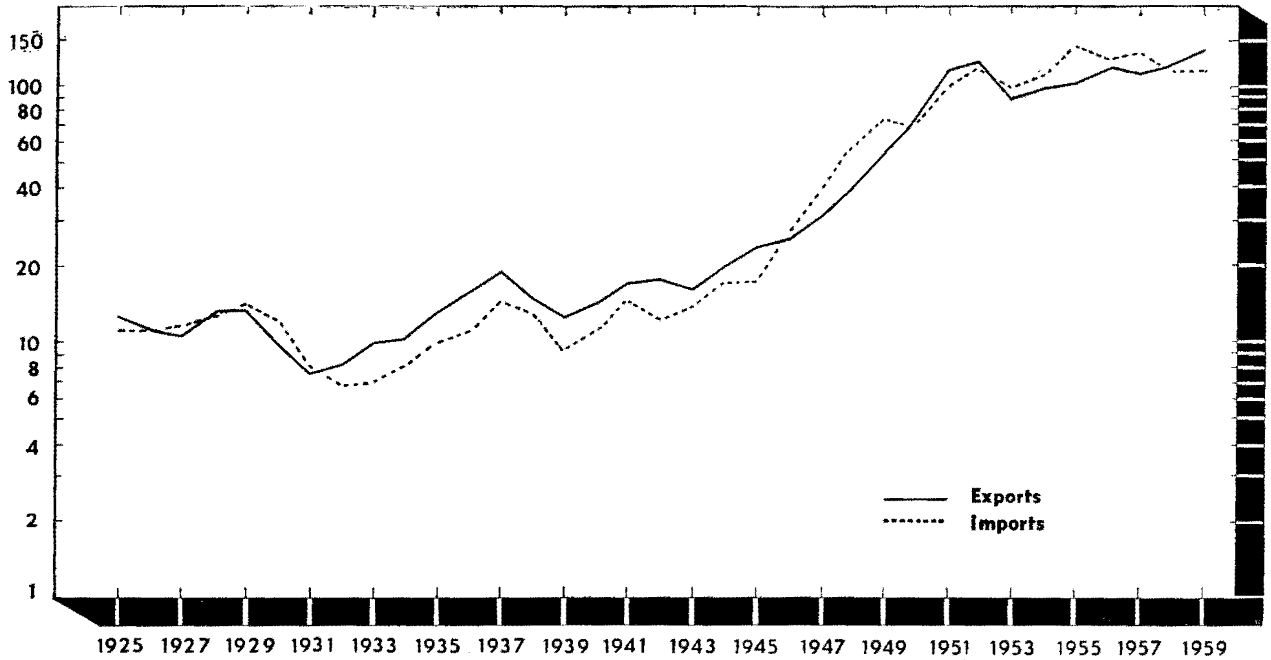
Foreign trade provides the best single indicator of the growth of the East African economy: exports provide a very large proportion of the total money incomes in all three territories, while expenditure on imports, which accounts for a large proportion of these incomes, is closely related to the level of money incomes, and also provides an important guide to changes in living standards.

Since the beginning of the present century the volume and value of foreign trade has grown steadily, but it is only since the end of the second world war that there has been a really dramatic change in the rate of growth, as can be seen from the table and diagram.

By the end of the war in 1945 the East African economy was poised for the expansion which has

DIAGRAM I

EAST AFRICA: EXPORTS AND IMPORTS (1925 - 1959) (semi-log scale) (in millions of pounds sterling)



taken place during the last fifteen years, but at the time the prospects for growth were largely unrecognized and seriously underestimated, for example in the case of the capacity of the ports system, and in the very conservative approach which the Governments adopted to their post war development programmes. However, the sharply favourable movement in the terms of trade, which were largely responsible for the rapid post war upsurge in development, could not be wholly foreseen, and the fact ramains that the East African economies were able to accommodate the pressure of economic growth at an extraordinarily rapid rate in the early 1950s without undue strain in the form of physical shortages, inflation or balance of payments difficulties.

The characteristic pattern of an exports surplus in East Africa's balance of trade had emerged by the middle 1950s, and it was a surplus largely achieved by Uganda, and to a lesser extent Tanganyika, over the steady deficit of Kenya, which was financed by the inflow of capital resulting from the greater number of European and Asian immigranrts into that country.

A territorial breakdown of the external trade of East Africa reveals a number of important characteristics of the structure of the region's trade, and also indicates some of the differences which exist between the three countries. These features are perhaps most clearly shown by an examination of the trade figures which are to be found in the Annual Trade Reports published by the East African Customs and Excise Department.[1]

[1] Unless otherwise stated, all trade statistics given in this article are drawn from these Annual Reports.

One of the most important characteristics of the commerce of East Africa is its interterritoriality, and also the fact that the present customs arrangements permit the free tranfer of goods between the territories. One consequence of this situation is shown by the comparison between direct and Net Imports as defined by the East African Customs and Excise Department. It will be seen that in the case of Kenya, for example, Direct Imports amount to £78.8 millions while the Net Imports amount to only£ 61.5 millions. The difference lies in the fact that about £ 17.3 millions worth of imports, having been consigned initially into Kenya, are subsequently transferred to Uganda and Tanganyika. Direct Imports are those goods which are directly consigned to an importer in one or other of the territories. Because of Kenya's important entrepot function within East Africa, resulting from her geographical situation and the location of many of the large importing and exporting houses in Mombasa and Nairobi, her Direct Imports are considerably in excess of her own internal requirements. On the other hand, Uganda imports directly much less than her total imports needs, drawing the balance as required from Kenya. Tanganyika is in a position similar to Uganda in this respect, although ,having an ocean port of her own, she relies to a lesser extent on the large importing firms in Kenya. Thus in the table above, the difference between Direct Imports and Net Imports consists of interterritorial transfers of imported goods — the free movement of which the region has been permitted since 1923. It should be noted that these transfer figures are net of movements in both directions between the territories — thus for example there is some movement of imported goods

6 ★

from Uganda to Kenya, and even from Tanganyika to Kenya. These are likely to be very small, however, and the net picture is that there is a large transfer of imported goods from Kenya to Uganda and Tanganyika. Uganda normally obtains about 40 per cent of her import requirements by transfer from Kenya, while Tanganyika's proportion is about 15 per cent. The performance of this entrepot function by Kenya constitutes an important item in the regional balance of payments flows, and also, since Kenya merchants serve as stockholders for traders in other parts of East Africa, local fluctuations in market conditions can be more easily absorbed.

Goods subject to import licencing normally appear as Direct Imports and the trade in what are generally known as "bazaar goods" — textiles, corrugated iron sheets, bicycles, etc. — also tend to fall within the Direct Import group, because the articles are commonly traded by the smaller commercial firms, acting with a direct knowledge of local market conditions. On the other hand, many capital goods and durable consumer articles, such as refrigerators, are most frequently consigned to Mombasa or Nairobi to supply both the Kenya and Uganda market. For technical reasons of storage, bulk oil and petroleum shipments for Uganda are all initially unloaded as Kenya imports. Thus, the final pattern of the transfer trade is the result of a mixture of geographical, commercial, legislative and technical factors.

Even after allowance has been made for the interterritorial transfer, Kenya remains the major importing territory in East Africa, absorbing about half of the region's imports. There are a number of reasons for this. First, as has already been noted, a great many of the larger commercial concerns have their headquarters in that territory, and therefore a large part of central office and other expenditure takes place there, even although the necessity for it arises from trading activities elsewhere in East Africa. Second ,a somewhat similar situation arises in respect of the services of the East Africa High Commission, which generally have their headquarters in Kenya: railway equipment, for example, which may be used throughout the three territories, but especially in both Kenya and Uganda, will appear as a Kenya import. Third, because the Kenya population contains larger numbers of Europeans and Asians who are in the higher income groups, together with the generally higher level of total incomes, the average propensity to import is greater than in the other two territories. Fourth, there is the fact that in the last few years there has been a substantial inflow of official funds into Kenya in the form of loans and grants, especially from the United Kingdom.

As far as exports are concerned the pattern is different. Kenya's foreign exports account for little more than a quarter of those of the whole region, although the re-exports amount is 60 per cent of the region's total. This is explained by the fact that Mombasa is a major sea-port and refuelling point for shipping on the East African coast. Uganda's re-exports consist mainly of petroleum sales to the eastern parts of the Congo, while those of Tanganyika, although smaller, are similar to those of Kenya, since Dar es Salaam is also a large port for the revictualling of ships.

TABLE B. II. 1

EAST AFRICAN EXTERNAL TRADE IN 1959

(Thousands of pounds sterling)

	Kenya	Uganda	Tanganyika	E. Africa
Direct Imports	78,820	14,338	28,339	121,497
Net Transfers	—17,312	+11,196	+6,117	—
Net Imports	61,508	25,534	34,345	121,497
Domestic Exports	33,306	42,091	45,287	120,684
Re-Exports	5,079	1,137	1,931	8,146
Total Exports	38,385	43,228	47,217	128,830
Balance or Trade	—23,123	+17,694	+12,672	7,333

STRUCTURE OF EAST AFRICAN TRADE

Three commodities, coffee, cotton and sisal, account for nearly two thirds of East Africa's exports, and, although the pattern varies to some extent from territory to another, the export sector of the economy, which is the most powerful determinant of the level of incomes in the region, is a very narrowly based one. On the other hand, in addition to these main agricultural crops, a wide range of other agricultural and mineral products are being exported, many of which have a very considerable growth potential. The table shows however, that the whole list consists of primary food and raw material products which are exported in a raw or only very simply processed form: unroasted coffee, cotton lint, sisal fibre, etc.

When examined separately, there are important differences between the three territories. The most obvious is the fact that Uganda is by far the most

TABLE B. II. 2

COMMODITY STRUCTURE OF DOMESTIC EXPORTS 1959

(Millions of pounds sterling)

Commodity	Kenya	%	Uganda	%	Tanganyika	%	E. Africa	%
Coffee	10.6	32	18.7	44	5.7	13	35.0	29
Cotton	0.7	2	15.4	37	6.7	15	22.8	19
Sisal	3.5	10	—	—	13.1	29	16.6	14
Tea	3.6	11	1.2	3	0.8	2	5.6	5
Hides & Skins	1.6	5	0.9	2	1.9	4	4.5	4
Diamonds	—	—	—	—	4.5	10	4.5	4
Oilseeds	0.6	2	0.3	1	2.8	6	3.7	3
Meat	2.0	6	—	—	1.5	3	3.5	3
Copper	0.4	1	2.8	6	—	—	3.2	3
Animal feeding stuffs	0.2	1	1.7	4	0.7	2	2.6	2
Pyrethrum	1.9	6	—	—	—	—	1.9	2
Gashew Nuts	0.1	—	—	—	1.6	3	1.7	1
Sodium Carbonate	1.7	5	—	—	—	—	1.7	1
Maize	1.1	3	—	—	0.1	—	1.2	1
Beans, Peas	0.3	1	—	—	0.8	2	1.1	1
Wattle Bark Extract	1.0	3	—	—	0.3	1	1.3	1
Other	4.0	12	1.1	3	4.8	11	9.9	9
Total Domestic Exports	33.3	100	42.1	100	45.3	100	120.7	100

heavily specialized, with no less than 80 per cent of her export earning being derived from cotton and coffee. The potential instability which results from this narrow foundation to the economy is obvious, especially in a situation where, as in recent years, there have been heavy falls in the price of robusta coffee. However, in 1938 cotton alone accounted for 80 per cent of exports and in the middle of the 1920s for more than 90 per cent of exports. A striking feature of agricultural development in Uganda since that time has been the recent emergence of coffee as the major export crop. Within the past five years two new products, tea and copper, have begun to emerge as contributors to Uganda's export earnings, and it is hoped that the former, at least, may come to play an important part in the diversification of the economy. Kenya and Tanganyika are less narrowly based, and are generally more favourably placed than the majority of tropical African countries.

Just as the commodity structure of East African exports reveals the characteristic pattern of the primary producing economy, so the structure of imports is typical of the underdeveloped economy in which the main requirements which it draws from the outside world are manufactured goods, especially machinery and transport equipment, textiles, and, in the absence of local supplies, fuel oils. The position in outline is shown in the table below in which imports are grouped according to the Standard International Trade Classification.

Clearly the range of commodities imported is too wide to be capable of much detailed analysis, but the additional figures in the lower part of the table show some of the major items which are included in the SITC groups. An important feature is the large proportion of imports of textiles, although the proportion in value has tended to decline because of the growing importance of cheap fabrics, mainly of synthetic fibres, imported from Japan. As recently as the 1930s those items accounted for between 25 and 30 per cent of the value of total imports, although the proportion has now dropped to around 10 per cent. The piece goods trade in East Africa is important in an understanding of the general structure of internal trade and commerce, where, especially in the case of the smaller Asian owned enterprises, it has frequently formed the base from which expansion into other lines of trade and manufacture have sprung.

Direction of Trade:

It is characteristic of the trade of the tropical African dependencies of the European powers that a large part of their trade is conducted with the metropolitan power, or within the currency area to which the metroplitan power belongs. East Africa is no exception to this, but the geographical distribution of its trade does not neglect, to any significant extent, preferential devices. Apart from wartime and post war exchange control measures, which have generally been used to conserve dollars and other scarce currencies, and are common to the whole sterling area, the only other restrictive device has been a small amount of import licencing, whose main effect has been to limit imports from Eastern European countries and Japan. In the latter case

TABLE B. II. 3

STRUCTURE OF NET IMPORTS, 1959

(Millions of pounds sterling)

I.T.C. Section	Kenya	%	Uganda	%	Tanganyika	%	E. Africa	%
Food	5.0	8	1.1	4	2.3	7	8.4	7
Beverages and Tobacco	0.8	1	0.2	1	0.3	1	1.3	1
Conde Materials	0.7	1	0.1	—	0.1	—	0.9	1
Fuels	7.5	12	2.1	8	3.7	11	13.3	11
Animal oils and fats	0.3	—	0.1	—	0.3		0.7	1
Chemicals	4.4	7	1.9	8	2.1	6	8.4	7
Manufactured goods	17.9	30	9.5	38	13.2	38	40.6	33
Machinery and Transport	16.9	28	6.9	27	9.1	26	32.9	27
Miscellaneous Manufactures	4.7	8	2.3	9	2.6	7	9.6	8
Miscellaneous items	3.3	5	1.2	5	1.0	3	5.5	4
TOTAL	61.5	100	25.5	100	34.5	100	121.5	100
Principal Commodities								
Mineral Fuels & Lubricants	7.5	12	2.1	8	3.7	11	13.3	11
Cotton Piece Goods	2.6	4	1.4	5	3.2	9	7.2	6
Synthetic Fibre Piece Goods	1.0	2	1.9	7	1.5	4	4.4	4
Motor Cars	2.9	5	1.3	5	1.2	3	5.4	4
Buses & Lorries	0.9	2	0.4	2	1.2	3	2.5	2
Non-electrical Machinery	3.6	6	1.8	7	2.2	6	7.6	6
Medical products	1.0	2	0.5	2	0.6	2	2.1	2
Vehicle Tyres	0.8	1	0.6	2	0.7	2	2.1	2
Iron & Steel Goods	2.9	5	0.9	4	2.0	6	5.8	5
Corrugated iron sheets	0.6	1	0.8	3	0.5	1	1.9	2
Clothing	0.9	1	0.8	3	0.8	2	2.5	2
Refined Sugar	1.6	3	—	—	0.8	2	2.4	2
TOTAL OF ABOVE	26.3		12.5		18.4		57.2	
% OF ALL IMPORTS		44		48		51		48

these restrictions have now been almost wholly withdrawn, and as a result Japan has risen to second place on the list of suppliers of imports to East Africa.

A comparatively small group of countries account for a very large share of East Africa's trade: about two thirds of the exports go to five countries (the United Kingdom, West Germany, the United States, India and Japan), while a similar number (the United Kingdom, Japan, Iran, West Germany, India) provide about two thirds of the region's imports.

The importance of the United Kingdom and India is of particular significance, and the principal cause is the historical association of trading concerns in East Africa with parent or related companies in either Britian or the Indian sub-continent.

The following table summaries the importance of the small group of countries mentioned above

TABLE B. II. 4

DIRECTION OF TRADE BY CURRENCY AREA, EAST AFRICA, 1959

(Millions of pounds sterling and percentages)

	Exports and Re-Exports		Imports	
United Kingdom	34.5	26.3	45.7	37.6
Other sterling Area	28.6	22.2	21.0	17.3
TOTAL STERLING AREA	63.1	49.0	66.7	55.0
Dollar Area	14.3	11.1	4.3	3.5
Non Sterling O.E.E.C.	37.4	29.1	23.5	19.3
Other European Countries	0.6	0.5	0.8	0.7
Other Asian and African Countries	10.9	8.4	20.2	16.6
Unclassified	2.5	1.9	5.9	4.9
TOTAL	128.8	100	121.5	100

as markets for the disposal of East Africa's three major commodity exports:

TABLE B. II. 5

Commodity	% of total exports purchased by				
	U.K.	W.Germany	U.S.A.	India	Japan
Coffee	20	26	25	—	—
Cotton	3	11	—	34	19
Sisal	31	5	7	2	7

It indicates that not merely is the East African economy narrowly based from a commodity point of view (since these three items account for more than 60 per cent of total exports), but also that the traditional markets are few in number, and that, therefore, a decision by any one of these countries to vary its East African purchases is likely to have serious repercussions on the local economy. This has already happened when India severely reduced her imports of cotton in 1957, and it also indicates, in the case of West Germany, why Britian's relationship with the European Common Market is of considerable concern to East Africa, where fears have been expressed over the future of coffee sales to this most important market.

TABLE B. II. 6

DESTINATION OF DOMESTIC EXPORTS 1959

(millions of pounds sterling and percentages)

	Kenya		Uganda		Tanganyika		E. Africa	
	£	%	£	%	£	%	£	%
United Kingdom	8.1	24.3	8.3	19.7	16.2	35.8	32.6	27.0
W. Germany	8.0	24.0	2.5	5.9	5.7	8.2	14.2	11.8
U.S.A.	2.7	8.1	6.5	15.4	3.4	7.5	12.6	10.4
India	1.5	4.5	7.3	17.3	2.7	6.0	11.5	9.5
Japan	1.3	3.9	3.6	8.5	2.5	5.5	7.4	6.1
Netherlands	1.3	3.9	1.7	4.0	4.0	8.8	7.0	5.8
Belgium	0.5	1.5	2.3	5.5	2.0	4.4	4.8	4.0
Hong Kong	0.3	0.9	1.4	3.3	2.5	5.5	4.2	3.5
Italy	1.3	3.9	1.2	2.8	1.0	2.2	3.5	2.9
South Africa	1.3	3.9	1.3	3.1	0.7	1.6	3.3	2.7
Australia	0.9	2.7	1.1	2.6	1.2	2.6	3.2	2.7
Canada	0.5	1.5	0.4	0.9	0.4	0.9	1.3	1.1
Denmark	0.3	0.9	0.1	0.2	0.7	1.6	1.1	0.9
Israel	0.2	0.6	0.7	1.7	0.2	0.4	1.1	0.9
Congo & Ruanda	0.4	1.2	0.4	0.9	0.1	0.2	1.0	0.8
Other	4.8	14.2	3.3	8.2	4.0	8.8	12.1	9.9
TOTAL	33.3	100	42,1	100	45.3	100	120.7	100

TABLE B. II. 6 (Cont.) - ORIGIN OF IMPORTS[2]

	East Africa	
	£	%
United Kingdom	45.7	37.8
Japan	10.4	8.6
Iran	8.0	6.6
W. Germany	7.9	6.5
India	6.3	5.2
South Africa	5.9	4.8
United States	3.8	3.1
France	3.7	3.0
Bahrein Is.	3.2	2.6
Italy	2.5	2.0
Hong Kong	2.0	1.6
Belgium	1.9	1.6
Australia	1.3	1.1
Sweden	1.2	1.0
Other	17.8	15.5
	121.5	100

[2] Statistics are not available showing the origin of Net Imports for each of the three territories separately. Because of the large volume of interterritorial transfers, the territorial figures showing the origin of Direct Imports are of limited use.

Terms of Trade

In countries in which external trade plays a large part in the determination of the level of money incomes and economic activity in general, the relative movement of import and export prices is obviously critical. Official data on these matters and on the terms of trade is limited in East Africa and confined to a series of short periods. The following estimates are an attempt to provide a single series covering the period from 1946 up to 1959 and which indicates the very favourable price changes which have taken place, and especially in the middle years of the 1950s. It is also useful to compare the different pattern of import and export prices in each of the three East African territories, for, although the general trends have been very similar, the divergences in the last few years have been most significant in relation to development policy and to its effects on money incomes.

TABLE B. II. 7

Import and Export values, and Terms of Trade, Kenya, Uganda, and Tanganyika 1946-1959. (1946-100)

	Kenya			Uganda			Tanganyika		
	Import Unit Values	Export Unit Values	Terms of Trade	Import Unit Values	Export Unit Values	Terms of Trade	Import Unit Values	Export Unit Values	Terms of Trade
1946	100	100	100	100	100	100	100	100	100
1947	116	130	112	108	113	105	110	120	109
1948	129	163	126	128	144	113	139	150	108
1949	134	189	141	134	189	141	145	163	112
1950	131	254	194	130	227	175	141	202	143
1951	162	338	209	160	340	213	174	303	177
1952	172	308	179	171	332	194	186	275	148
1953	157	208	132	156	258	165	169	212	125
1954	141	292	207	139	277	199	151	208	138
1955	145	276	190	136	230	169	145	181	125
1956	152	274	180	140	225	161	147	189	129
1957	155	265	171	136	222	163	144	183	127
1958	143	245	171	135	214	159	144	169	117
1959	150	254	169	136	189	139	142	177	125

The importance of the period from 1946 to 1951 can clearly be seen: export values more than trebled, while import prices rose by only 60 or 70 per cent. The situation by 1951, therefore, was that East Africa could purchase about twice as many imports for a given volume of exports as she had been able to do in 1946. Inevitably the stimulus which this gave to the economy in these years was very great. But, while there is no doubt of the tremendous material benefits which accrued to East Africa between 1946 and 1951 from the favourable price movements, they did have the effect of concealing many of the basic problems of economic development, and of covering up the real costs of such development. The expansion which took place during the immediate post war decade should therefore be regarded as being periods of windfall nature.

If one looks more closely at the last few years, during which an unfavourable movement in prices has taken place, it is possible to see that there has in fact been a very considerable increase in export production which supports the view that, while in money terms there has been an apparent stagnation in the economies, in terms of real output the rate of increase has been even more remarkable than in the years of rising prices.

TABLE B. II. 8

Volume and value of Exports 1959 (1954=100)

	Kenya		Uganda		Tanganyika		E. Africa	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
1956	151	143	123	100	136	124	134	118
1959	188	163	154	104	147	125	158	124

Source: Quarterly Economic and Statistical Bulletin, September 1960.

EAST AFRICA'S BALANCE OF PAYMENTS:

Balance of Payments estimates for the three East African territories taken together in their transactions with the outside world, and ignoring all interterritorial transactions, exist as a series from 1956. In the post war years the balance of marchandise trade has been unfavourable, except in the three years 1950-51-52 and again in 1958 and 1959. Moreover, there has been a persistent deficit in invisible transactions, which leads to a permanent deficit in the balance of payments on current account. This deficit is financed by an inflow of capital by both private and official bodies. The following table gives a summary of East Africa's balance of payments position (full details are shown in the table in the Appendix.)

As will be seen from the more detailed table, the major item which is responsible for the deficit on invisibles is the balance of international investment income, which has involved net average annual payments of about 6-7 millions. Most of these

TABLE B. II. 9

Balance of Payments, East Africa Summary 1956-1959:

	1956£ £mn	1957 £mn	1958 £mn	1959 £mn
Merchandise Trade[3]	—15	—23	+ 1	+ 6
Invisible items	—18	—17	—19	—19
Current account	—32	—40	—18	—13
Private Capital	+21	+18	+11	+ 6
Public Capital	+22	+18	+10	+ 4
Monetary system	— 1	+ 5	— 1	+ 4
Errors and omissions[4]	—10	— 1	— 2	— 1

[3] The method of valuation of merchandise trade for balance of payments purposes differs from that used in the Annual Trade Reports, so that these figures do not exactly correspond to those used elsewhere in this article.

[4] Since the East African currency is based on a sterling exchange system, and since the commercial banks operating in East Africa are all branches of expatriate enterprises, changes in the level of currency lead to changes in the level of overseas sterling reserves held by the Currency Board. Transfers of funds by the commercial banks between their branches in East Africa, and their head offices or branches elsewhere in the world also effect this item.

payments result from the remission of interest and profits by private firms, but there are also net annual interest payments of about 12 millions annually by the three territorial governments and the agencies of the East Africa High Commission. Much of this arises from the large public debt of the Kenya Government and the East African Railways and Harbours Administration. On the other hand, the Uganda Government has only a small public debt, and is the owner of large, though shrinking, overseas assets (mainly in the from of the Price Assistance Funds held by the statutory marketing boards for cotton and coffee) and enjoys a net income from overseas on this account. In the capital account the most noticeable feature has been the steady decline in the net capital inflow, and all the indications are that in the private sector there has been a net outflow since the middle of 1959.

One of the biggest problems in the way of a fuller understanding of the working of the East African economy is that there are no published official estimates of the balance of payments of the three territories individually, in spite of the fact that nearly all other statistical information in East Africa is published on a territorial basis, and that there are undoubtedly very important differences between the three territories. It follows that, from the point of view of the general economic development of the three countries, it is impossible to know the exact account of resources currently available to each territory. It has already been noted that there are many ways in which the territories are associated with one another, and some of these present very real difficulties as far as separating the individual territorial elements from the regional accounts is concerned. A common currency and banking system obviously present many statistical problems in the way of making an accurate account of interterritorial payments flows, and in addition the fact that many of the larger commercial enterprises operate in each of the territories means that funds can be freely transferred from one to the other without any account being made of them.

Despite these difficulties, however, it is possible to deduce in general terms the direction of payments flows within the region, and the first significant indicator is the balance of visible trade of the three territories. Kenya has a large external deficit, while Uganda and Tanganyika have surpluses, but these are to some extent offset by the interterritorial trade balances in which Kenya is in surplus and the other two territories in deficit. Part of the Kenya deficit is due to the fact that many interterritorial agencies and enterprises are located in the territory. As well as her enterpot function, Kenya also has a much larger immigrant population than either Uganda or Tanganyika, which has had a higher propensity to consume imported goods. Also, until recently, there was a net inflow of immigrants' funds which helped to pay for some of these imports.

The main point, however, is that as far as invisible items of the accounts are concerned, there are considerable net payments to Kenya, both from the outside world and from the rest of East Africa.

The Uganda surplus on the other hand is easy to explain. Uganda's true merchandise trade surplus is, however, rather smaller than is suggested by the simple comparison of the export and import totals, since these are valued on an f.o.b. and c.i.f. Mombasa basis. The result is that exports are overvalued and imports undervalued by the cost of the rail freight between the Uganda border and Mombasa. It is likely that, by taking account of this, the actual visible trade surplus would be reduced by as much as three or four million pounds. However, even taking account of this, there is no doubt that a substantial visible trade surplus still exists which has formed a permanent feature of the economy since the 1920. At one time it was suggested that the surplus arose from the low level of imports, caused by the reduction of peasant farmers' incomes through the operation of the statutory marketing boards, which especially in the early 1905s, built up very large reserves as Price Assistance Funds. At the same time, the fiscal policy of the Uganda government, by levying heavy export taxes on cotton and coffee, led to large budget surpluses, which also resulted in the accumulation of substantial overseas sterling reserves. While there is no doubt that both of these factors must have had an inhibiting effect on the level of imports, the export surplus in relation to the total volume of trade was no larger in the post war years when these policies were in operation than it had been before the war when there were no statutory marketing boards. The cause of this parti-

cular trading pattern has to be sought more deeply and it is now fairly clear that it is to be found in the field of interterritorial balance of payments flows. Thus for example, the fact that Uganda exports goods worth £ 12 millions f.o.b. Mombasa does not mean that Uganda residents necessarily have £ 42 millions of foreign exchange which they can dispose of by purchasing imports. The over-valuation of Uganda's export proceeds is not only due to the inclusion of internal transport costs but also to that part of commercial profits which is carried by non-Uganda residents.

Any attempt to provide a territorial breakdown of balance of payments items is bound to be conjectural and tentative, and in fact on the capital account is almost impossible. The table below, however, based on unofficial estimates suggests some of the likely orders of magnitude in the current account which show the probable directions of these payments flows within the region.

TABLE B. II. 10

UNOFFICIAL ESTIMATES OF THE EXTERNALAND INTERTERRITORIAL BALANCE OF CURRENT PAYMENTS AND RECEIPTS 1959

(Millions of Pounds Sterling)

	Kenya		Uganda		Tanganyika		East Africa
	Rest of World	East Africa	Rest of World	East Africa	Rest of World	East Africa	
Merchandise Trade	—23	+ 7	+17	— 1	+12	— 6	+ 6
Invisible Items	— 9	+ 6	— 5	+ 4	— 5	— 2	—19
Current Balance	—32	+13	+12	— 5	+ 7	— 8	—13

Trade and National Income:

The importance of foreign trade in the East African economies has already been noted. The simplest way of assessing its importance in quantitative terms is by analysis of the relationships between export earnings, total incomes and expenditure on imports. Unfortunately, it is only possible to sketch this relationship in outline because of the present state of national income accounting in the three territories. Estimates are at present only available of Gross Domestic Product for each country, (and of Domestic Income for Kenya) and, since balance of payments data are only available for the region as a whole, the actual amounts of income available to the people in each territory is not known. Furthermore, the methods by which Gross Domestic Product are calculated vary in each country according to the availability of statistical data, and, therefore even the aggregated figures fo rthe whole of East Africa have to be treated with some caution. Again, the length of time for which even moderately consistent series of national accounting data is available is very short, so that trends in the relationship between changes in the levels of exports, incomes and imports can be only very tentative. However, if these qualifications are borne in mind, some conclusions can be provisionally arrived at.

The following table indicates in broad outline the current relationship between foreign and interterritorial trade and domestic incomes.

TABLE B. II. 11

EAST AFRICA: EXTERNAL TRADE & DOMESTIC INCOME, KENYA, UGANDA, TANGANYIKA AND EAST-AFRICA 1959

(Millions of pounds sterling)

	Domestic Income (Money) 1	Domestic Exports 2	Inter-territorial Exports 3	Total Exports 4	(4) as % of (1) 5	Retained Imports 6	Inter-territorial Imports 7	Total Imports 8	(8) as % of (1) 9
Kenya	163	33	12	45	28	56	5	61	37
Tanganyika	106	45	3	48	45	33	8	41	39
Uganda	108	42	5	47	44	24	7	31	29
East Africa	377	120	20	140	37	113	20	133	35

Even allowing for the limitations of the data, it is evident that the ratio of dependence of export earnings to money incomes is (a) significant and (b) different between one territory and another. Kenya relies much less on foreign exports than do either of the other territories, for only about 20 per cent of total incomes are derived directly from this source, although on the other hand, her sales to Uganda and Tanganyika (Interterritorial Exports) are relatively large. Therefore Kenya incomes are much less liable to be affected by fluctuations in the world prices of her export crops than are either

TABLE B. II. 12

DOMESTIC EXPORTS, NET IMPORTS AND DOMESTIC INCOME 1954-1959

(million of pounds sterling)

	Money Income	Kenya Exports	Imports	Money Income	Uganda Exports	Imports	Money Income	Tanganyika Exports	Imports
1954	112.7	20.3	60.3	93.0	40.6	25.2	79.1	36.2	32.0
1955	134.9	25.7	71.5	102.3	41.9	34.0	81.8	36.2	43.5
1956	145.2	29.0	69.8	103.2	40.4	28.1	89.3	44.9	35.9
1957	154.2	26.4	72.0	109.8	45.9	28.9	92.9	39.4	39.3
1958	155.9	29.3	60.9	106.7	45.4	27.0	97.9	41.7	33.6
1959	163.2	33.3	61.5	108.3	42.1	25.5	106.1	45.3	34.5

Uganda or Tanganyika, and since this factor is usually the main source of instability in the incomes of underdeveloped countries, its relatively weak effects in Kenya are highly relevant in the consideration of general problems of development. It may be added, however, that some additional incomes are generated in Kenya from the handling of Uganda's trade through the port of Mombasa, and also from that proportion of Tanganyika's exports and imports which are also routed by way of the port. Thus fluctuations in Uganda or Tanganyika's exports will have seconfdary effects on the Kenya economy. The relationship between foreign and interterritorial exports as a source of income generation is also significant, since the market conditions for each are only remotely related. More than a quarter of Kenya's total sales outside her own boundaries are made in Uganda and Tanganyika, and thus these countries represent an important market for a number of Kenya's industries. About a quarter of the total output of Kenya's manufacturing industry is sold in the two neighbouring territories.

Both Uganda and Tanganyika are much more strongly dependent upon foreign export earnings, and they also make far fewer sales within the rest of East Africa than does Kenya.

The table above shows the trends of exports and money income in the three territories since 1954.

The direct relationship between exports and total incomes is by no means a complete measure of the extent to which the economies are dependent on external trade. Many other activities within the domestic economies could not be sustained if it were not for the export sector: thus, for example, the level of internal transport services by road and rail available to the non-export sector relies on the guaranteed traffic provided from exports. Likewise, a great part of the whole commercial sector, such as the marketing of local food produce and retail distribution generally has grown to its present state of efficiency because of the large volume of export sales and the network of primary buyers throughout the region.

The level of imports is closely related to levels of personal income, and the limited data which is available suggests that both the average and marginal propensities to import are high. In part this is due to the commodity structure of the import trade in which, as we have seen, piece goods and other manufactures for the bazaar trade occupy an important place. It should also be remembered that the income receivers most likely to be affected by fluctuations in export values, and hence those whose pattern of expenditure on imports is most likely to fluctuate in sympathy, are the Africans. A large proportion of the non-African population of East Africa is engaged in salaried employment, and their incomes are much more stable. In Uganda a rather lower percentage of total incomes are spent on imports than in either of the other two territories. This is due mainly to the fact that a higher proportion of the country's incomes are owned by Africans, who are more likely to purchase local food produce with their available cash.

Part II

INTERREGIONAL TRADE

A. *Interterritorial Trade and Institutions*:

A separate analysis of trade between Kenya, Uganda and Tanganyika — or interritorial trade — is necessary because it is important to examine the political and economic relationships which have made possible its growth in recent years. It is largely because of the existence of certain regional institutions, and the absence of internal obstacles that this trade has grown to a point where it accounts for about 14 per cent of all imports and exports, and has thus come to represent an important element in their internal economies. By contrast, trade with neighbouring countries outside East Africa is extremely

TABLE B. II. 13

Foreign and Interterritorial Trade 1948-1959
(million of pounds sterling)

Year	Domestic Exports	exports of which to neighbouring countries	Net Imports	Inter-territorial Exports
1948	39.8	......	59.1	6.0
1949	54.3	1.9	78.0	7.3
1950	68.9	2.5	73.5	8.8
1951	110.6	2.7	104.1	9.2
1952	119.5	3.6	121.1	10.1
1953	87.1	3.5	105.8	13.5
1954	97.1	4.8	117.5	14.4
1955	103.8	3.7	149.0	15.6
1956	114.1	3.9	133.8	15.5
1957	111.7	4.0	140.2	18.8
1958	116.4	3.4	121.5	21.7
1959	120.7	3.5	121.5	20.1*

* The apparent drop in inter-territorial trade in 1959 is due to a slightly different method of valuation which was introduced in that year.

small and irregular, and accounts for no more than 3 per cent of total exports and well below 1 per cent of total imports.

While it is clearly true that the major trading influence on East Africa is an external one, namely the state of the world markets for primary produce, there has been a substantial development in recent years in two types of trade between the territories themselves. The first of these is the interchange of local produce and manufactures, and the second is the interritorial transfer of goods of foreign origin.

It is paricularly significant that interterritorial trade in East Africa has grown at least as rapidly as external trade throughout the whole post-war period since the changing prices have been of much less direct significance in determining the value of trade between the three territories. Improved internal transport, by road, rail and air, and such technical advances as refrigeration, have also played an important part in opening up the whole East African market to the producers in individual territories, while the higher incomes gained from the export of primary produce have similarly enlarged the internal market. A second factor has been the qualitative change which has taken place in trade within East Africa.

For many years, the majority of goods traded were locally produced foodstuffs in a raw or simply-processed state, but more recently there has been a marked increase in the proportion of manufactured goods and packaged and processed foodstuffs. With this change has come the growth of import substitution, however, and all the problems of losses of customs revenue which that entails within a common market. At the same time the growth of internal trade has provided an important element of stability in these economies, which are so sensitive to external influences. This is especially so in the case of Kenya, where more than a quarter of all the country's exports are sold to Uganda and Tanganyika.

The development of interterritorial trade has undoubtedly brought considerable benefits to the region as a whole, but they are benefits which clearly vary widely in their incidence. Uganda and Tanganyika still remain much more dependent on world commodity markets than does Kenya, whose national income in any case is less dependent on earnings from foreign exports. For East Africa as a whole, however, the relative importance of interterritorial trade is likely to increase as improvements in productivity take place, and as new goods come into production.

The introduction of manufacturing industry into East Africa is a comparatively recent development, and in the early stage productivity is likely to be low. At the same time, the possibilities of local manufacturing industry replacing foreign imports, although obviously limited for some time to come, are only beginning to be opened up. There are thus strong expansionist forces in interterritorial trade, which should be sufficient to maintain its rate of growth even if development slows down in other sectors under the influence of falling world prices.

The bulk of interterritorial trade is still in foodstuffs, beverages and cigarettes, and these three items alone account for more than half all interterritorial exports, but as has been already mentioned, the traditional items are changing in character, and they are also diminishing in importance in relation to the total value of trade, for there has been a very considerable increase in the quantity of locally manufactured goods of all descriptions being traded. For example, out of Kenya's £12.3 millions of total sales to Uganda and Tanganyika, no less

TABLE B. II. 14

Foreign and Interterritorial Trade 1959:
(millions of pounds sterling)

A. Exports	Domestic Exports	Exports to rest of E. Africa	Total	Exports to Rest of E. Africa as % of Total %
Kenya	33.3	12.3	45.6	27
Uganda	42.1	5.2	47.3	11
Tanganyika	45.3	2.6	47.9	5
E. Africa	120.7	20.1	140.8	14
B. Imports	**Foreign Imports**	**Imports from R.E.A.**	**Total**	**Imports from R.E.A. as % of Total**
Kenya	61.5	5.5	67.0	8
Uganda	25.5	6.5	32.0	20
Tanganyika	34.5	8.1	42.6	19
E. Africa	121.5	20.1	141.6	14

than £4.3 millions now consist of manufactured articles, and the other two territories are also now selling a widening range of manufactured goods in the East African market.

TABLE B. II. 15

Interterritorial Trade 1959

(Thousand of pounds sterling)

	Imports Into			
KENYA EXPORTS	Uganda	Kenya	Tanga-nyika	East Africa
Meat and Meat Products	139		140	279
Dairy Products	634		233	867
Cereals and Flour	768		774	1542
Tea	131		436	567
Cigarettes & Tobacco	1040		911	1951
Beer	100		371	471
Soap	259		209	468
Cement	95		682	777
Timber	61		51	112
Metal Manufactures	483		475	958
Paper and stationery	204		77	281
Sisal bags	222		93	315
Cloting and footwear	462		708	1170
Other items	1186		1353	2539
TOTAL	5784		6513	12297
UGANDA EXPORTS				
Cottonseeds Oil		682	153	835
Other Oils and Fats		212	15	227
Sugar		469	147	616
Confectionery		45	39	84
Tea		63	18	81
Animal feeding stuffs		82	—	82
Soap		46	15	61
Cigarettes & Tobacco		1132	710	1842
Timber		31	8	39
Metal Manufactures		33	18	51
Cotton piece goods		401	203	604
Electric energy		196	—	196
Other items		248	261	509
TOTAL		3640	1587	5227
TANGANYIKA EXPORTS				
Tobacco	262	95		357
Meat & Meat products	50	19		69
Cereals & Flour	105	217		322
Fruit & Vegetable	230	78		308
Tea	44	—		44
Sugar	90	—		90
Oilseeds and nuts	197	—		197
Vegetable oils	187	146		333
Animal feeding stuffs	20	—		20
Timber	69	17		86
Metal manufacture	95	9		104
Electric energy	64	—		64
Other items	435	145		580
TOTAL	1848	726		2574

There is little doubt that the future development of manufacturing industry in East Africa must look primarily to the local market rather than to the possibility of exports for some time to come, but the interpretation of the term "local market" should, or at least could ,be somewhat wider than it has been in the past, and should not be confined to the three East African territories which form a common market and utilise a common currency.

In discussion on the possible future development industry in East Africa, the small size of the local market is always regarded as the major obstacle to expansion. It is obvious that a population of about 22 millions, with average money incomes of under £20 per head per year can only provide a limited outlet for manufactures, particularly when a large part of these low incomes is spent on locally produced foodstuffs.

According to the latest estimates, the total money incomes of the East African territories are about £380 millions (approximately £18 per head), of which about one third is spent on imports. This has sometimes been taken as evidence that there is very considerable scope for the expansion of import replacing manufacturing industry. However, an examination of the import lists makes it clear that only a small proportion of the items is likely to be capable of local production in the near future. More than half of all imports consists of new materials, vehicles, machinery, iron and steel, and other commodities of a technical nature requiring such highly capital intensive methods of production, as to make the practical possibility of producing them in East Africa unlikely for some time to come. Nevertheless, even if there were only thirty or forty millions of pounds worth of imports at the present time which could be locally produced, this is still very much more than is being currently produced, and of course, if steadily rising incomes can be achieved in the region, then demand for goods of all kinds — imported and locally produced — will go up. It is, therefore, necessary to have regard to the growth of incomes, rising agricultural productivity, increasing wages, and changes in the propensity of East Africa's residents to consume foreign goods as opposed to those which are locally produced.

There has already been some replacement of imported goods by local production. East Africa has had a protective tariff since 1923, and it has become increasingly protective in the past five years as, first in one territory and then in another, industries have began to establish themselves. Protection in East Africa was originally introduced in order to encourage the growth of agriculture in Kenya, especially in dairy produce, meat and cereals, and the policy has now reaped very considerable rewards. This sector of the economy has been one of the most prosperous in the whole of East Africa, and it has provided the basis from which much of the subsequent commercial and industrial development has sprung. The result has been that, although foreign

imports of foodstuffs have risen, they have done so at a much slower rate than domestic production and interterritorial trade in these items.

Alcoholic and non-alcoholic drinks (with clear locational advantages for local production) have also increased in production and variety in response to rising incomes, although they have still a fairly high import content. Tobacco and cigarette production, too, is growing, and apart from the import of a proportion of American and Rhodesian tobacco for blending purposes, imports of manufactured tobacco products are confined to a few luxury brands. In these two items, of course, the problem of losses of customs revenues from displacement does not seriously arises, since both are liable to heavy excise duties on local production. Perhaps the most interesting long-term development has been in the expansion of a wide range of manufactured goods within East Africa. These new range from cotton textiles to razor blades, and include paints, footwear, cycle tyres, hollow aluminium and enamelware, steel doors and windows, soap, paper bags, metal boxes, shoes of leather and plastics, nails, glass bottles and blankets. In addition to these there are numerous other items such as furniture and leather goods in which much greater product-variation is appearing, and in which quality has improved so that goods previously produced for small and limited markets are now competing with the imported article over the whole of East Africa.

The greater part of this development has taken place in Kenya during the past few years, and her exports to the rest of East Africa are now more than double those of Uganda, and about five times greater than Tanganyika's. It is this situation which has given rise to the most acute aspects of the problem of the loss of revenue from customs duties which sometimes accompanies industrial development. All three of the territories have lost some revenue, but Kenya has gained considerably more than the others from the income effects of industrial development, and from the additional sources of revenue which that new income has produced. Unfortunately, too, the most rapid period of growth in the import-replacing industries has occurred at a time when other sources of Government income were shrinking, when demands for additional expenditure were growing, and when ,in consequence, the search for revenue was becoming most accute.

The Common Market:

The common market in East Africa has grown up gradually over the last half century, but by the late 1950s two new sets of factors began to operate: the first was economic, the growth of industry and the shortage of revenue which we have just discussed, and the second was the political consideration of what would happen as, and when, the three territories approached independence. One possibility was that, if they achieved political independence separately, then the new African governments might be more nationalistic economically than their former colonial governments. The second was the alternative extreme, that Pan-African sentiments might bring about close political association. For many years such a closer union was regarded with suspicion by some African leaders, who saw it as a device which would maintain Kenya's predominance over the other two territories, but suddenly it became a goal and an immediately practical possibility. In such circumstances, and whatever was to happen in the future, a review of existing inter-territorial relationships became urgently necessary. Accordingly, in 1960 the Raisman Commission was appointed, and in 1961 a Conference was held in London to consider the future of the services of the East Africa High Commission.

Before examining the recommendations and conclusions of the Raisman Commission, however it is necessary to consider in some more detail the institutional structure of interterritorial relationships in East Africa as they have existed up to the present time.

The present complex of interterritorial institutions and co-operation which are more than a customs union, and yet less than full scale economic integration, have grown up at different times, and to meet particular administrative and economic needs. The following are the main fields' of interterritorial co-operation-:

1. A common external tariff, (with very minor local variations) and an internal free trade area;

2. A common income tax system, and common rates of excise tax;

3. A common monetary and financial system, with no restriction over the movement of funds from one territory to another.

4. A number of common economic, scientific and research services administered jointly by the three territories through the agency of the East Africa High Commission;

5. Facilities for consulation between the three Governments on a wide range of matters of economic policy; and

6. In the private sector, many commercial enterprises operate in all three territories, having headquarters either in East Africa or abroad, and having complete freedom in the movement of personnel, goods and funds from one place of operation to another.

The Tariff:

The basis of a common tariff in East Africa dates from 1923 when, at the same time, the free interchange of local produce between the three territories was permitted. Before this time Tanganyika, as a German administered territory, had had its own customs tariff, while Kenya and Uganda had a joint customs department and a common tariff

since 1917. Tanganyika, however, still retained its own customs department and published separate trade statistics, while those of Uganda and Kenya were aggregated.[5]

The tariff which was established in 1923 was essentially a Kenya proposal and was strongly pro tectionist for a limited range of products, despite protests from Uganda, whose major interest at that time lay in cheap imports. There has been continuouss argument ever since 1923 — and, indeed, since the turn of the century — between Kenya and Uganda on tariff matters, on the level of duties, and their allocation as between the territories. Two other issues were raised at the time of the 1923 customs arrangements: first, the free interchange of local produce, and second, the free interchange of imported produce. There was little argument over the first of these, but the second caused considerable friction, with Uganda and, especially Tanganyika, taking the view that the major effect of allowing the free interterritorial transfer of imports would be to strengthen the entrepot function of Kenya, and draw the majority of import traffic to port of Mombasa. Moreover, they believed that the allocation of import duties, when goods had been broken in bulk and redistributed throughout the territories, would present serious difficulties, and in fact would be likely to operate primarily in Kenya's interests.

In the event, the proposals regarding the interchange of local produce were adopted, but those concerning imported goods were deferred and not introduced until 1927. Throughout the 1920s Kenya continued to press, partly on political grounds, for the formation of a full customs union, and secured the support of the Colonial Office in London, despite the strong opposition which was being maintained from Uganda and Tanganyika. Eventually, in 1927, Tanganyika's opposition was overcome, and the interchange of imported goods was made completely free, with a scheme for the payment of import duties being made to the territory of final consumption, which has remained substantially unchanged in principle up to the present time. Where imported goods were transferred from the territory into which they had been imported to another territory still in their original packages, then the whole amount of duty collected on them would be similarly transferred. When, however, the packages had been opened and the goods broken in bulk, then the duty would be credited to the consuming territory at the rate of 66 2/3 per cent of the value declared by the person consigning the goods. This factor was designed to cover the increase in price of the goods from their landed import value to their reshipment price, because of importers' profit margins, charges for warehousing, repackaging, etc. The system has remained essentially unchanged, except that the fraction has been raised to 70 per cent of the consignor's declared value. This proportion has an important implication, in that it assumes that the value added to these transferred imports in Kenya is about 30 per cent of their landed value, and this gives some indication of the income derived by Kenya from the performance of the entrepot role in East Africa.

The situation after 1927 was, therefore, that there was freedom of movement of imported and locally produced goods between the territories, a common tarif and one customs department serving Kenya and Uganda, with another serving Tanganyika. An attempt had been made in 1926 to bring Nyasaland into the same agreement, but it was rejected by the Nyasaland Government except for the exchange of native produce.

The fact that the tariff had been largely drawn up to reflect Kenya's needs for agricultural protection, however, continued to cause argument and give rise to grievances. These were aggravated when, in 1929, the Kenya Government made proposals for increased protective tariffs, and there was a stage during the inter-government negotiations, when it appeared that the customs union might break down altogether. While all three countries designed to retain a common tariff, they were not all prepared to penalise their consumers in order to preserve Kenya's protectionist policies. A compromise was reached by the introduction of Suspended Duties, a device which retained a mutually agreed basic tariff but which permitted any of the three territories to impose additional duties up to a specified level, on certain commodities. These additional duties were to remain "suspended" until brought into force by legislative action in any of the territories, and they applied to a number of agricultural products: butter, cheese, wheat, rice, ghee, sugar and bacon. Kenya, as was be expected, made full use of these duties, which ,in some cases had the effect of doubling the effective rate on certain commodities Tanganyika also employed them to a more limited extent, but they have been hardly employed at all by Uganda. The continued use of these Suspended Duties represents the only significant departure from a wholly common tariff in East Africa.

In all essentials, the organization of the tariff remained unchanged, until the final step was talken of amalgamating the customs department of Tanganyika with that of Kenya and Uganda in 1948 when the East Africa High Commission was formed. The Customs and Excise Department with headquarters at Mombasa, became one of the main revenue-collecting agencies of the High Commission on behalf of the three territories.

The present East Africa customs tariff is a

[5] This has presented considerable difficulties in the statistical analysis of the trends in external trade for the three territories separately, and for the region as a whole. Some figures are available for Kenya and Uganda separately, but their accuracy is open to question, and since Tanganyika's total exports and imports include trade with Kenya and Uganda — some of which are re-exported and some retained for internal use — it is again extremely difficult to separate foreign from inter-territorial trade until well into the post-war period. The figures for these early years which have been used in this report are based on the best available estimates.

single line tariff with five different rates of duty and a free list, together with a number of specific duties. The principle of non-discrimination is one which has existed since the Congo Basin Treaties of 1885 and 1890 came into force.

At the present time the basic rate of duty is 24 per cent *ad valorem* of the landed cost of the goods at the port of entry, inclusive of freight and insurance. This latter provision imposes a heavy penalty against air freight or postal importation.

The Free List consists chiefly of what may be described as "development goods" — machinery, tractors and other agricultural machinery and equipment, some building materials and fittings, medical supplies, agricultural and certain foodstuffs. Goods dutiable at the Assisted Rate of 12½ per cent *ad valorem* includes paints and other building materials (especially those which are also manufactured in East Africa) glass, bricks and tiles, paper, and children's toys. Motor vehicles and spare parts are charged 15 per cent. At the higher rates of 33½ per cent and 60 per cent are butter, cheese, and jewellery in the former category and perfumes, cosmetics, etc. in the latter. All goods not included in these four groups carry a duty of 25 per cent. In addition to the *ad valorem* rates are a number of specific duties, some of which, especially on textiles, clothing and footwear, were introduced recently for protective purposes in the interest of encouraging local industries. These specific duties may be either alternative to the *ad valorem* rates (the higher rate being charged in all cases) or levied separately. Thus, for example, unbleached cotton cloth is charged at either 30 per cent *ad valorem* or 50 cents per square yard (which represents an effective duty of about 100 per cent), boots and shoes are charged at 25 per cent *ad valorem*, or 1.50 per pair. Specific duties are also levied on cement, tyres, tobacco and a number of alcoholic and non-alcoholic drinks.

There is now almost no criticism in East Africa of the protective aspects of the tariff. All three governments are endeavouring to encourage local industries, and most of them find it impossible to compete with the products of Europe and Asia without substantial protection. In a situation where there is abundant labour, and where such capital as is available for industry is specific to particular uses and not freely mobile, the heavy protection of particular industries may not lead to a misallocation of resources. The real problem is not to be found in the still fairly small range of items which are protected by high specific duties, but rather in the high basic rate of 25 per cent which is applicable to so many consumer goods whose cheap and easy availability would be an incentive to effort on the part of peasant farmers throughout the region. However, the fiscal structure of Kenya, Uganda and Tanganyika is such that customs duties are a major source of revenue, and there is little hope of discovering alternative sources of revenue which would be sufficient to compensate for a general reduction in the basic customs rates.

The Monetary System:

Following the traditional pattern in British dependencies there is no Central Bank, and all the banks which operate in the three territories are branches of overseas companies. The currency is based on a sterling exchange system, managed by the East African Currency Board, in which the local currency is freely convertible at a fixed rate of 20 East African shillings to the pound sterling. Until 1957 the Currency Board was required to maintain reserves in the form of sterling securities, issued outside East Africa, sufficient to cover the whole of the currency issue, but this has been relaxed and the Governments were permitted to invest up to £20 millions in local securities. The total currency in circulation is at present about £50 millions. The remaining £30 millions of sterling securities are still more than sufficient to enable the Currency Board to meet its primary obligations, which are to make available East African currency on demand against deposits of sterling and sterling available in exchange for East African currency. Although the backing of the currency by locally issued securities means that there is in a sense a fiduciary issue, it has not so far been suggested that the Governments could increase the amount of currency on the basis of additional local issues. The main purpose of the change of policy in 1957 was to mobilize a part of the sterling assets previously sterlised outside East Africa for imports of investment goods.

The Government cannot finance expenditure by creating new money or by borrowing from a local commercial banking system, and so they have to meet all expenditure from current revenue, reserves or external borrowing .For a number of years, and so long as the Currency Board adhered to its 100 per cent sterling reserve requirement, there was a strong feeling that the sterllization of large volumes of sterling assets as currency reserves, when these funds might have been used for development was placing an undesirable brake on economic growth. It was largely as a result of this kind of criticism that the British Government agreed to a relaxation of the external reserve requirements, first of all in West Africa, and then in East Africa. Moreover the fact that reserves still exceed probable requirements for convertibility suggests that there is still a supply of currency funds which can be drawn on for development purposes — without endangering convertibility.

This monetary system has a number of obvious disadvantages, chief among them being the fact that it imposes a rigidity on economic policy, but the important point to note in this context is that the existence of a common currency and monetary system has had one of the most powerful unifying influence in the trade and commerce of British East Africa.

On the banking side, the problem is somewhat more complicated .It is often argued, and with just-

ification, that since the banks which operate in East Africa are all branches of foreign enterprices, their credit policy is liable to be determined more by conditions in the parent countries than by those in the territory of operation.

For example, credit restriction in Britain, with high rates of interest, can have repercussions on the East African banks, in circumstances when the local situation might demand more generous lending policies. On the whole, however, this seems to have been a serious factor in East Africa only on one or two occasions, when a sudden tightening of credit by the banks led to the contraction of the whole system in wholesale and retail trading and produce buying which had been built up on it. The banks have been generally flexible in their lending, although the greater part of bank credit has tended to flow into import and export trading, and European type agriculture in Kenya. Difficulties of land tenure and the absence of satisfactory commercial collateral have severely limited the extent to which the banks have been able to lend to African agriculture on normal commercial terms, with the result that all the territories have provided Government-sponsored facilities of a banking nature to fill this gap. It is obviously in the general interest of developing economies such as those in East Africa that bank credit should be easily available, and except in the case of African enterprises both agricultural and commercial, this has generally been the case. Of course, the absence of central bank control has meant that it has not been possible for the governments to take any direct steps to influence the direction or volume of credit which the banks issued, and on the extent to which their credit policy was in line with, or conflicted with economic policies which were being pursued in other directions. This indeed is the most serious argument in favour of the establishment of a Central Bank in East Africa, but on the whole the effective working of such a Bank will probably have to wait on the development of local commercial banking institutions. A criticism often made of the present system that there were few opportunities for the local employment of surplus funds held by the banks has to some extent been met by the introduction of issues of Treasury Bills by the East African Governments in recent years. The banks have also always done a certain amount of bill discounting and there is a small but active business in commercial bills among the trading community especially in Mombasa and Nairobi. There is, therefore, at least the beginning of an East African moneying market dealing in commerical and government paper.

However, given the fact that the Currency Board system assures the external exchange stability of the currency, the main requirement of monetary policy in countries like Kenya, Uganda and Tanganyika is for a liberal credit policy, in order to provide the greatest possible numbers of opportunities for the money economy to penerate and eventually supersede the subsistence sector. In relation to total local deposits, loans issued by the commercial banks in recent years have been high, so that it seems that there has been little ground for critisism in this respect.

As far as the future is concerned, it is probable that after the countries become independent there will be changes in the direction of more autonomous monetary institutions. Already the headquarters of the East African Currency Board have been transferred from London to Nairobi, which means that close contact with the local economies can be maintained and that it will be easier for the Board to assess the likely fluctuations in demands for currency. The pressure for a more independent monetary system may also increase if the present movement of capital out of East Africa and the decline in the currency in circulation continues at the rate which has occurred during the past three years.

The gradual development of the present embryonic local money market, together with the growth of a more active participation by the Currency Board in the economy through the use of a fiduciary issue, and also most important of all, the growth of local commercial banking institutions or a closer local association of the existing expatriate banks, are all necessary preconditions for the development of an efficient monetary system in East Africa.

The High Commission:

The East Africa High Commission was formed in 1948 with the function of administering common economic, scientific and research services on behalf of the three territorial governments. Two of the services are financially autonomous, the East African Railways and Harbours Administration, and the East African Posts and Telecommunications Administration. The others, which include the revenue raising Customs and Excise and Income Tax Departments, as well as a number of the research and scientific organizations, are financed by annual grants from the three East African governments, as well as by smaller amounts from the governments of certain neighbouring countries, and from the United Kingdom. Proposals have recently been made by the Raisman Commission for a different method of financing the organization in order to provide a greater degree of financial autonomy, and more recently in June 1961, new proposals were made for a complete reorganization of the High Commission under a new name, the East African Common Services Organization, into a form which is considered more appropriate to the imminent independence of the three territories.

The services which are jointly administered by the High Commission at present are as follows:-

1. Transport and Communications:
   East African Railways and Harbours;
   East African Posts and Telecommunications;
   Civil Aviation and Meterological Departments.
2. Revenue Collection:
   Customs and Excise Department Income Tax Department.
3. Economic Services:
   Department of Economic Co-ordination;
   Statistical Department (up to 30/6/61).
4. Research Services:
   Agricultural and Forestry Research Organization;
   Lake Victoria Fisheries Services;
   Veterinary Research Organization Industrial Research Organization;
   Literature Bureau;
   Institute of Malaria Research Organization;
   Institute of Medical Research;
   Trypanosomiasis Research Organization;
   Virus Research Institute;
   Leprosy Research Centre;
   Desert Locust Survey.

Some of these bodies are clearly of direct relevance to the development of regional trade, but the others too, by their very existence, help to create climate of interterritorial communication and cooperation at various levels, which has a cumulative effect on the attitude of many departments of government, business men and East Africans generally.

The proposals for the reorganization of the Commission, as agreed in London in June 1961, are that the three Governors should be replaced by the three principal elected Ministers of each territory, and that a triumvirate of Ministers (one from each territory) should be responsible for the four main groups of High Commission services: Communications, Finance, Commercial and Industrial Co-ordination and Social and Research Services. The Central legislative Assembly will remain, and consist of the twelve Ministerial members of the triumvirates, twenty seven members elected equally from the territorial legislatives, a Secretary General and a Legal Secretary.

The importance of these new proposals lies in the unanimity with which they were adopted at a conference at which more than half of the representatives were members of elected legislatures. It suggests that after the territories become independent, the structure of formal interterritorial co-operation which has been achieved will at least be maintained, and could even provide a basis for political federation. The longer term economic implications of this are obvious: given internal political stability, the independence in East Africa will be followed by the continued existence of an economically integrated group of three self governing African countries.

The Raisman Report:

The report of the Raisman Commission was published in April 1961, and its recommendations have since been accepted by the three governments. It dealt principally with three aspects of interterritorial co-operation. The first of these was the fundamental question of whether or not the existing common customs and internal free trade area should be maintained, the second concerned the allocation of customs, excise and income taxes between the territories; and the third (which was closely related to the second), was the provision of the East Africa High Commission with an independent source of revenue.

The Commission had no doubts about the benefits which had accrued in the past, and were likely to continue to accrue, to the region as a whole from the existence of a common market and the absence of internal restraints on trade. "There can be little doubt that the Common Market is strongly in the interests of East Africa, considered as a whole and by itself". (Raisman Report, Para. 59). However, Africa is only to be considered as an economic whole in certain limited respects, and it consists of three separate territories which benefit in varying degrees from the Common Market. It was from this situation that the Raisman Commission came to consider the possibility of devising some fiscal formula which could translate into interterritorial terms the kind of processes which take place within a single country, whereby revenue earned in one place is made available for spending in another.

The kind of problem which arises in a customs union — for example, the replacement of revenue earning imports by local production, or the concentration of industrial and commercial development in one particular locality — means that the benefits of the union are unequally spread and in East African terms this has taken the form of greater benefits accruing to Kenya than to Uganda or Tanganyika. The need was to find some device whereby that proportion of the additional benefits which Kenya received from the existence of the customs union could be shared with the other territories. The benefits which it was assumed that Kenya derived were twofold: first, income from her entrepot trade, and second income from the growth of manufacturing industries, and certain types of financial and commercial activity which relied on the markets of the other two territories.

There were two possible ways in which the Commission could have approached this problem, one would have been to deal with the causes of the inequalities, and to propose policies which would have produced a more even spread of economic activity throughout the region. This could have been done by such means as for example the adoption of the more orthodox types of location of industry policy, or by an examination and reform of the railway rating structure, or by some adjustments of the tariff on a territorial basis. The other possible

line of approach was to deal simply with the **effects** of regional inequalities and to devise a scheme whereby the richer partner, Kenya, compensated the other two, Uganda and Tanganyika. In the event, it was the latter policy which they adopted, and the formula which they recommended was that each territory should contribute into a central Pool of revenue 6 per cent of the customs and excise revenue which it earned, plus 40 per cent of the income tax which it derived from those companies engaged in manufacturing and financial activities. This pool would be devided in to two equal parts, one of which would be shared equally between the territories — the effect being that a country with large imports, many industries subject to existences, and a concentration of manufacturing and financial enterprises would pay more into the Pool than she drew from it, the difference being shared between the others whose net receipts would be proportionate to their import trade, excisable industries and other manufacturing and financial activities. The remaining half of the Distributable Pool would be paid to the East Africa High Commission.

It has been estimated on the basis of current tax collections that this would involve Kenya making net compensating payments of about £675,000 (or about 2 per cent of total revenue) of which £310,000 would go to Tanganyika (adding about 1.5 per cent to her revenue), £245,000 to Uganda (about 1.1 per cent additional revenue), and £120,000 to the East Africa High Commission

There are a number of points which may be made by way of a commentary on these proposals. First there is the fundamental one of whether it was right to concentrate attention on a scheme of fiscal compensation, rather than examine some of the more fundamental reasons for the unequal distribution of benefits throughout the region. The argument against doing so would be that, in the present stage of East Africa's development, economic activity should be allowed as much freedom as possible, and attempts to direct industrial location might have the effect of inhibiting such activity. On the other hand it could well be that some of the locational advantages of Kenya are more apparent than real, and might depend on institutional factors having historical reason, but not necessarily economic justification. For example thest ructure of the railway tariff, which is discussed elsewhere, and into which, in fact, an investigation is currently taking place could be an important determinant of industrial location. The second comment is that if current trends in the rates of development in the three territories continue, then the net contribution of Kenya to the other territories will rise steadily and, since that country has had a budget deficit for a number of years and is likely to continue to do so, these payments are more likely to come from external financial assistance than from a reallocation of the territory's own resources. Third, the whole case for fiscal compensation arises from the divergent optimal interests of the three territorial governments. On economic grounds it is important that where resources are scarce they should be used in those areas where they will yield maximum economic advantage. It is, of course, almost impossible to calculate the net benefits of these revenue transfers, but it is by no means self evident that the economic return on this revenue, when transferred from Kenya to Uganda and Tanganyika, will be greater than it would have been if Kenya had retained it. However, it is probably wisest to regard these transfers (since they are so small in relation to total revenues) as the price to be paid for maintaining regional unity in a situation where revenue shortages were producing strains and friction arising out of territorial self interest.

Communications

East Africa's internal communications system focuses on the four ocean ports of Mombasa, Tanga, Dar es Salaam, and Ntwara/Lindi. Each of these is served by a railway line running inlands: that from Mombasa serving the whole of Kenya and Uganda as well as a part of nothern Tanganyika, the line from Tanga serving the relatively rich sisal and coffee producing areas from the Coast to the Kilimanjaro region, the Tanganyika Central line runs directly westwards to the shores of Lake Tanganyika with a northern spur to Lake Victoria and it draws its traffic from the whole central part of the country and also from the Congo across the lake, while the short line from the smaller parts of Lindi and Ntwara gives access to the southern part of Tanganyika. There are also a number of branch lines on the Kenya and Uganda section of the railways which run into the Kenya Highlands and into the north eastern part of Uganda. The wide hintherlands served by these four railways (of which only the first two have so far been connected by a rail link, although the construction of a further section joining these with the Tanganyika Central line is in progress) are connected by roads and inland waterways, while the four main ports and a number of other smaller ones are served by both ocean going and coastal shipping. There is thus a fairly comprehensive network of communication by land and water which links all parts of East Africa and provides access to neighbouring countries. In addition there are between thirty and forty airports and landing strips in regular use in all parts of the three territories.

Ocean Shipping

In addition to the principal ports there are about a dozen smaller harbours, as well as innumerable minor landings, which are extensively used by coastal shipping, and which provide an essential link in the East African transport system. Mombasa carries by far the largest amount of traffic, for it serves not

only Kenya, but also almost the whole of Uganda's import and export tonnage, as well as a large quantity of cargo, especially imports, for northern Tanganyika. It also carries that part of the transit trade with the Congo and Sudan which passes through Uganda, and is in addition, an important fuelling and supply point for the major shipping lines which use the East African points.

EAST AFRICA: HARBOUR TONNAGES 1938-59

	Import 1938 000tons	Tonnage 1959 000tons	Export 1938 000tons	Tonnage 1959 000tons
Mombasa	600	1944	648	1188
Dar es Salaam	84	552	96	384
Tanga	36	72	96	228
Lindi/Mtwara	—	36	—	96
TOTAL	720	2604	840	1896

At the present time the capacity of Mombasa, and the railway system which serves it, is adequate to cope with the traffic offering even if this was to increase substantially, but there was a period shortly after the end of the war when congestion in the port was acute, and resulted in considerable delays to shipping and to the receipt of supplies by the territories. It was alleged that the inadequacy of the railways system, and its inability to move goods out of the harbour areas, was the cause of the delays to shipping — in one case a vessel waited in Mombasa harbour for more than two months during 1952 before it could be unloaded.

An interesting sidelight on the course of trade during this period was the extent to which importers sought alternative routes for the transport of their produce. Many used the parcel post, which as mail, had priority over general cargo, and trade goods such as textiles, radio and other high value articles reached East Africa in this way. Other firms experimented with air freight, either directly from Europe, or from the less busy East African ports such as Dar es Salaam.

Dar es Salaam serves a dual function as a major East African port. In the first place it is the major ocean terminal for Tanganyika, serving almost the whole country, and second it is an important transit point for goods to and from the eastern Congo and Ruanda Urundi. For the handling of transit traffic with the Congo, the Beligians for many years have maintained a customs-free base in Dar es Salaam harbour, and another at Kigoma at the western end of the railway on Lake Tanganyika. Indeed, the facilities at Kigoma belonging to the Belgians are considerably greater than those belonging to the East African authorities. Most of the traffic passing through Kigoma in recent years has been coffee from Ruanda Urundi, which was carried down Lake Tanganyika from Usumbura, or from the Orientale Province of the Congo. However, the bulk of transit traffic has not been of export produce in a seaward direction, but has consisted of imported goods. There is no doubt that the Belgian bases have the capacity to handle a greatly increased volume of traffic in both directions. Also from Kigoma there is a small amount of southward traffic down Lake Tanganyika to the Northern Rhodesian port of Mpulungu. We discuss elsewhere the extent of trade between Tanganyika and Northern Rhodesia, but it is sufficient here to note that there is a route by which this area can be served from the East Coast port, although it is, necessarily, a long and expensive one.

A further long term development affecting Dar es Salaam is the possibility of a rail link with the Rhodesias. Although this proposal for joining the Tanganyika Central Line with the Copperbelt of Northern Rhodesia was extensively discussed in the 1940s, the idea has never borne fruit. Within Tanganyika itself there has also been discussion of extending the line by means of a branch to Mbeya in the Southern Highlands, which is close to the Northern Rhodesia border, and as this line would pass through the fertile Kilombero valley, where extensive agricultural development is planned, there are good prospects that it may come into being in the not too distant future. If this were to occur, and be followed by extensive growth in this region, the burden at the port would undoubtedly increase, although its equipment is still capable of handling larger cargoes than are likely to arise in the near future. A substantial increase in the flow of traffic with the Congo, coupled with the increase in local traffic, however, would be likely to make additional berthing facilities necessary.

The two ports of Mtwara and Lindi serve a very poor part of the country, and their development is already well in excess of the demands placed upon them.

Coastal shipping:

An important part is played in the East African transport system and foreign trade by coastal shipping serving purposes which, in a more developed country, would be performed by internal land transport. These purposes are, principally, three in number: first, the distribution of imports from the ocean ports, second, the collection of exports to the ocean ports, and, third, the movement of local produce to other internal markets.

Coastwise traffic is handled by a wide variety of vessels, ranging from the large mechanical craft of the major shipping lines, and whose traffic is regulated through the Coastwise Conference, to the small dhows and schooners which ply informally up and down the coast. The larger ships use the ocean ports of Mombasa, Tanga and Dar es Salaam, and also Zanzibar, but the smaller vessels call at the

many minor ports and landings down the whole East African coast. There has been conflict for a number of years between the larger companies — members of the Conference — and the small independent schooners and dhows, but there is no doubt that for many purposes traders welcome the flexibility of the schooner and dhow services, not only on grounds of cost, but because of the greater flexibility of services which they provide.

In face of this competition the trend in recent years has been for most of the larger lines to give up coastal trading, and today only two of the major companies provide regular services.

A good deal of the coastal trade results from merchants and shopkeepers from the extreme northern coastal town in Kenya or the Southern towns in Tanganyika who visit the larger ports to obtain supplies, and then strike private bargains with the schooner or dhow operators for the transport of their loads. As a rule the better quality goods will go by the regular shipping lines, but old cargoes and broken bulk goods, the typical stock in trade of the smaller wholesalers and retailers, are often better handled by schooners. The competitive advantage which these smaller craft enjoy does not arise from the fact that they charge a lower basic freight rate, but because they are able to use show wharves where they are required to pay much lower harber dues than the larger ships. Apart from the trade conducted up and down the Kenya and Tanganyika coasts, there is also a certain amount of similar traffic to Madagascar, Reunion, Mauririus, Seychelles, and as far north as Aden and south to Durban. Also, some of the items of Kenya's exports and reexports to the Sudan, Ethiopia and Somaliland are shipped by coastal steamers to the ports of these territories, and the development of this entrepot function for the whole East African coast is of considerable potential value in the encouragement of regional trade.

As in most of the rest of tropical Africa the railways consist of a series of links between the interior and the coast, for it has traditionally been believed that the usefulness of these territories, and their main economic function, was the supply of primary products to the industrial markets of the rest of the world. However, the railway system in East Africa is probably more integrated than are the systems in other parts of tropical Africa and thus has undoubtly assisted in the growth of outstanding trade and in the unification of the East Africa market.

Apart from minor branch lines the main framework of the railways remains essentially what it was before the first world war. The lack of new railway development in recent years has been mainly due to the very high costs of construction and the growth of road transport, which has been favourably placed to compete with the railways because of the freight rate policy which the railway administration has pursued.

The basis of the tariff of freight rates employed by the East African railways administration has always been to carry exports and local produce at cheap rates, while imported goods, in general, were charged at high rate. The railways are obliged by statute to provide cheap transport "to assist agricultural, mining ,and industrial development in the Territories", and heavy and bulky agricultural and mineral produce for export, of relatively low value per ton, has been charged at much lower rates than manufactured imports. Another feature of the railway tariff is that the rate charged per ton/mile falls as the length of the haul increases, and that a very wide gap exists between the highest and the lowest rates. Since the carriage of goods accounts for about eight times the amount of revenue derived from passenger traffic (and it is a growing proportion), it is essential in the railway's own interests that the freight rate structure should be closely related to its costs. At present there is little or no scope for a general reduction of rates to meet increasing competition from road services, and a reduction in the charges on the highly rated commodities must be compensated for by increases on goods in the lowest classes. This immediately has an effect on export prices paid to producers. The railways have in fact recently made some adjustments in their freight rates in these directions, but it is not easy for them to do so when they are faced with conflicting interests within the territories. Flexibility in the rating system, however, is essential to deal with such internal problems as competition from road haulage, and also in relation to the wider issue of endeavouring to extend the hinterland which the railways serve into neighbouring countries. Already within East Africa the railways administration have adopted a special rating system whereby goods can be carried by rail and road at combined rates, and this is a fruitful field whereby traffic across national boundaries could be generated with the agreement of the governments concerned.

Inland Water Transport

The railways administration, in addition to running rail and road services, is also responsible for most of the vessels which operate on East Africa's inland waterways, although these are supplemented, but to a diminishing extent, by dhows, canoes and small motorised vessels. In some respects this is the same situation as arises with coastal traffic where small independent operators compete with the regular lines. By far the most important of the inland waterways is Lake Victoria, on which is carried more than 70 per cent of all the traffic of East Africa's lakes and rivers, and on whose coasts and islands are no less than 37 harbours and landings in regular use. The importance of the lake is due to a number of factors. First, it forms a junction between the three territories, and thus is of concern to each of them as a channel of communications for both passengers and freight. Second, it is touched at four

major points on its southern, eastern and northern shores by the railway, and therefore provides a link between these points, and especially between the Kenya Uganda and Tanganyika railway systems. Third, the Lake basin is one of the most populous, productive and fertile regions in the whole of East Africa, and there is a long tradition of its use as a means of communication.

In relation to the growth of interregional trade, the role of inland waterways could be of very great importance: Lake Nyasa links Tanganyika with the Central African Federation and Mozambique, Lake Tanganyika forms the frontier with the Congo and Ruanda Urundi, Lakes Edward and Albert join Uganda to the Congo, and the Nile is a highway linking Uganda with the Sudan. Geographically, therefore, these waterways provide an important element of unity in the region ,which has not yet been fully exploited. Lake Tanganyika, for example, which is 450 miles in length, could serve a very large hinterland in both its eastern and western shores, but the traffic at present is still relatively small when it is considered that it touches and thus joins together four countries which we have been considering: Tanganyika, Congo, Northern Rhodesia and Ruanda-Urundi.

Roads:

In relation to the particular problems with which this article is concerened these aspects of road communication are of importance. First, within East Africa itself the rapid growth of road transport would create additional difficulties for the administration of revenue allocation within the common market. It is chiefly because the bulk of interterritorial trade and transfer of imported goods have been carried by the railways, that it has been possible for a reasonably accurate check to be maintained on the volume and value of traffic and hence on the territorial allocation of customs and excise revenue.

Second, almost all East Africa's trade with neighbouring countries is carried by roads which have been developed in response to economic needs. An example of this is in the very good communication which exist between Uganda and the Congo and Ruanda Urundi, compared with the poor quality of the road into the Sudan or Ethiopia.

Finally, one of the long term economic implications lies in the prospect of building up an efficient road haulage industry. This is particularly important in that road transport represents an industry which it is relatively easy for the small scale African enterpreneur to enter. In themselves roads merely provide the necessary precondition for trade to grow, but goods have to be carried, and, in the general conditions of the economies and social patterns of East Africa and her neighbours, the need for a large number of small transport operators is just as important as the major services provided by the railways and the long distance hauliers. Interterritorial trade within East Africa, and interregional trade between the countries of the whole of Eastern Africa, begins with the short distance movement of goods from one area of local specialisation to another. The small haulage operator can be a most important influence in overcoming the inertia of traditional society even when it begins to develop around local trading centres. The successful growth of Uganda's fishing industry on Lake Albert, through its entry into the Congo market, is due to the enterpreneurial abilities of the fishermen themselves and also to the existence of accessible markets served by local road transport operators.

The Internal Trading and Distributive System:

A very large part of the internal trading and distributive system within East Africa has been built up from the handling of imported and exported produce. Local food products among the African population are either grown on a subsistence basis and are not marketed at all, or else are sold within a very small geographical area of their production. In neither case is there sufficient volume of specialisation to encourage the development of an elaborate or sophisticated trading system.

Most of the large expatriate commercial firms operating in East Africa are primarily engaged in importing and exporting. Imports are usually handled on an agency basis from overseas manufacturers and, especially in the case of capital goods and branded consumer goods, they are imported by firms which are often branches of internationally known and, usually, European concerns. Others are East African firms, which may be either Asian or European owned, with headquarters usually in Nairobi or Mombasa. On a wide range of other goods. especially those sold through the bazaar trade, the importers are smaller firms, mainly of Indian ownership, who handle, particularly, such goods as textiles from India, Japan and Hong Kong. The common arrangement is for importers at the coastal ports to sell to wholesalers in the main towns of the interior, who in turn sell to the retailers, although many of these do their own direct importing—again paricularly of textiles and other trade goods—as do some of the wholesalers. A further complication occurs in that some retailers, especially in the country districts, may engage in what are essentially wholesaling activities, and also, as a first link in the export business, they may act as primary buyers of agricultural produce for internal marketing or for export.

This combined retail-wholesaling function is particularly relevant in regard to the trade which is conducted between the East African territories and neighbouring countries. Traders in the southern Sudan or eastern Congo, for example, will not obtain their goods directly from East African importers, but from retailers in the nearby districts. This is largely because of the conveniencies of personal

contact, the ability to exchange currency, and the opportunity to buy in small and readily disposable quantities. It does mean, however that the prospects of developing this trade are limited by the commercial ability and capital available to these traders — both of which are often very small. The likelihood is that a trade enquiry may lead to nothing if the local dealer's stocks are low, or if he is unable to obtain credit for seasonal or other reasons.

It is difficult to make an assessment of the efficiency of this trading system. The Report of the East Africa Royal Commission describes it as "one of the most important assets which the economy possesses. It is efficient and attuned to changes in world demand and supply and to prices which are registered in the world markets". This is probably a just assessment in view of all the difficulties of fluctuating markets and physical difficulties in obtaining supplies with which the system has been confronted.

It is also worth noting here some of the features of the financing of internal trade which have played an important part in enabling traders to carry out their functions efficiently. The credit system is very well established in East Africa, especially among the larger firms and in the Asian business community, although for a number of reasons, among them lack of adequate security and trading experience, it has not extended very far among African traders. Because of the lack of specialisation and the many trading opportunites which are open to the active entrepreneur, it is extremely common for one type of activity to be used to finance another. Thus, for example, an importer or a wholesaler may receive credit by means of a bank overdraft for the purchase of goods, which he then passes on a credit basis to a wholesaler or retailer; he in turn will sell the goods, and, instead of immediately repaying his debt, will use the proceeds of the sales for the financing of, say, produce buying, on which he will make additional profits. Thus on the foundation of the initial bank overdraft a whole pyramid of credit is erected, which may extend from the Coast inland for a thousand miles. This works well so long as there is not a sudden calling in of bank loans. When this does happen a sharp shock is administered throughout the whole trading system. Similarly, on the basis of an easy open credit system (and the 90 day bill is a rarity in East Africa) it is possible for traders to stock up their shops relatively cheaply, purchase local produce, sell trade goods, and pass the produce on to the wholesaler in exchange for more stocks. Perhaps, therefore, the most characteristic feature of the distributive system is its extreme variety and flexibility, which renders it of great potential value, no matter what new demands may be placed upon it. From the long term point of view it is unfortunate that this fund of enterpreneurial skill is almost entirely confined to the European and, especially, to the Asian communities in East Africa, and that there are few African businesses in a position to respond rapidly to new opportunities.

Commercial Policy

East Africa's commercial policy is determined at four different levels. In the first place there are certain international obligations, in particular the Congo Basin Treaties, which have imposed a non-discriminatory tariff in the region. Second, there are the region's international commitments arising out of its membership of the Sterling Area, which have determined to some extent the pattern of imports and exports and the apparatus of exchange control. Third, as we have already seen, the East African Common Market imposes restraints on the trading policies of the three territories so that interterritorial agreement is required for any changes in the external tariff or on any matters which might affect internal free trade. Fourth, and almost as a residual after these obligations have been met, each territory is left with a limited field in which it can pursue its own national interests in the determination of trade policy.

In some respects, therefore, it is clear that East Africa as a whole has only a very limited scope for initiative in the use of international trading policy as a means of influencing economic development, and that this scope is even less as far as the individual territories are concerned. The implication of this is that any change in commercial policy, even where it did not conflict with international obligations, would have ultimately to receive the agreement of the three governments of Kenya, Uganda and Tanganyika.

At the international level the most important determinant of trade policy is the existence of the Congo Basin Treaties. All countries enjoy complete freedom of trade within East Africa, a principle of nondiscrimination which was established by the Berlin and Brussels Treaties of 1885 and 1890, as later amended in 1919 by the Convention of St. Germain en Laye. The Treaty obligations of non-discrimination were intended to apply only to signatories of the Convention, but in practice they have been applied to all states. All the neighbouring territories of East Africa lie wholly or partly within the boundaries of the conventional basin of the Congo, but not all have adhered as rigidly to its requirements as East Africa. In particular the rather anomalous situation, in which part of Northern Rhodesia was subject to the conditions of the Treaty while part of it was not, was ended shorlty acter the establishment of the Central African Federation, and the whole of the Federation now has a uniform four line tariff.

It is difficult to assess the advantages and disadvantages to the area which have resulted from the Treaties. The simplicity of the single line Tariff is a clear administrative gain, and the fact that the goods of all nations compete on equal terms within this developing area provides certain advantages for both buyers and sellers. On the other hand, there is a serious disadvantage in the existence

of the Treaties to the extent that they prevent the East African governments from enjoying full freedom in framing their commercial policies, and perhaps concluding reciprocal trade agreements with other countries. This could be a restraint on the development of intra-continental trade, although ,in fact, the Treaties have become largely moribund, and if it could be shown that a greater liberalisation of intra-African trade could be achieved while still retaining the broad principles of non-discrimination, then it is unlikely that any of the signatories of the Treaties would complain.

The second major external influence on East Africa's trading policy has arisen through her membership of the Sterling Area, which has determined the form of the exchange control and import licencing regulations. The general tendency in East Africa, as elsewhere in the Sterling Area, has been towards the progressive removal and relaxation of exchange restrictions, particularly since 1958 when the United Kingdom announced the full convertibility of non-resident sterling .It does not appear that these controls have had a seriously distorting effect on the pattern of East African trade, since, unlike such areas as the cocoa growing West African countries, or the tin and rubber producing Federation of Malaya, East Africa has not been a large net dollar earner for the Sterling Area until recent years when the expansion of hard coffee production found markets in the United States for the making of soluble coffee.

A recent revision of the exchange control regulations concerned the establishment of special Congolese Trading Accounts in June 1961. Because of the increase in trade with the Congo, and its barter-transit character, which is described below, the East African Governments considered it necessary to take steps to ensure that the full proceeds of Congo produce, sold in or through East Africa, were used to finance reciprocal trade. Thus instead of the proceeds of the sale of Congolese coffee, palm oil, tea and ivory being paid into ordinary External Accounts (from which transfers can be freely made) they must be paid into the specially created Congolese Trading Accounts and used only (with minor exceptions) for the purchase of imports from the Congo.

Parallel with the exchange control regulations, and intended to supplement them and assist in their enforcement ,was the apparatus of import licencing but because of extensive relaxations there is now a widespread feeling in the East African governments that import control by licencing could be dispensed with. It remains at present a second line of defence in the policy of the sterling area also in the protectionist policies of East Africa.

Within East Africa itself there are a number of restrictions on the free movement of goods between the territories which, to some extent, qualify the notion of East Africa as a wholly free trade area. Most of these restrictions have been established at the instigation of the Govenment of Kenya, which as we have seen eslewhere, has taken the lead on many occasions in the pursuit of protectionist policies. Not all the restrictions have been introduced, or justified, on grounds of economic protection, although this is frequently their effect. Sometimes the reasons for their imposition have been non-economic: security, prevention of plant and animal disease, and so on. In other cases, however, the restrictions have been introduced unilaterally, and represent an important breach in the principle of interterritorial cooperation.

A further important difference in the trading policies of the three territories which represents a *de facto* departure from the principle of a common external tariff is the extent to which the individual governments have employed Suspended Duties in addition to the standard rates laid down in the Customs Tariff, and also have given encouragement to particular local industries by the refund of customs duties. Even within the framework of the common tariff and the internal free trade area there is, therefore, some scope for the adoption of independent commercial policies, and there is no doubt that Kenya has taken the greatest advantage of these opportunities.

B. *East Africa's Trade with Neighbouring Countries*

With the exception of trade with the Union of South Africa, the greater part of East Africa's trading relations with countries within the African continent are with her immediate neighbours: Somalia, Ethiopia, Sudan, Congo, Central African Federation, Mozambique, and Zanzibar. Althought the total amount of trade carried on in this way is not large at present, its volume is a function of three related factors. First there is the extent of national and territorial specialization, whose growth is a precondition of general economic progress. Second, there is the structure of the communications system which may foster or inhibit the movement of goods. Third, an important element in determining the structure and direction of trade is the type of internal economic organization which is responsible for carrying it out.

Trade between East Africa and these other African countries takes place within an institutional framework entirely different from that which surrounds interterritorial trade. It is also different from the trade which takes place between East Africa and the industrial countries in Europe. In the first place all of East Africa neighbours, with the exception of Ethiopia, are, or have recently been, the dependencies of European powers, either of Great Britain or of Belgium, Italy, or Portugal. The existence of the bloc of three British territories together, all at similar stages of development, united to some extent by rail and lake transport, and gradually evolving institutions of economic coordination, has

enabled trade to grow between them on the lines which have been described in the previous section. Nevertheless, to the north of Uganda there lies the Sudan, for many years under British administration, and again to the south of Tanganyika Northern Rhodesia and Nyasaland are also adjoining territories, and yet trade in both directions has been negligible. Gradually, during the 1920s, the latter two territories drifted away from the East African orbit and aligned themselves with Southern Rhodesia, while in the case of the Sudan-and despite the historical links with Uganda, the existence of quite a large Sudanese population in Uganda, and also access along the Nile - commercial contact has been extremely small.

The type of production which has been developed in these countries has mainly consisted of the production for export of commodities requiring considerable labour and little capital. Obviously in such a situation, where the pattern of trade was the export of primary products through expatriate commercial channels and the import of consummer and capital goods, again largely from the metropolitan countries, there was little scope for the development of interregional trade and commerce, apart from a little peripheral barter or rudimentary trading in local foodstuffs and crafts. Beyond this the sole form of regional trading was of a transit type where it was directed by the facts of geography and available communications. For example, the densely populated south western corner of Uganda and neighbouring Ruanda Urundi have for many years enjoyed a lively exchange of goods and services across the frontier with goods' currency and individuals moving freely between Belgian and British territory. Again there are the navigable waterways which provide facilities for commercial intercourse: Lake Albert in Western Uganda is the location of a thriving fishing industry whose products sell extensively in the Congo, the whole frontier between Tanganyika and the Belgian Congo is covered by Lake Tanganyika, Lake Nyasa provides an outlet for the produce of the Southern Highlands of Tanganyika to Nyasaland and Mozambique. In addition there is the Nile route from Uganda to the Sudan, and the coastwise shipping, serving Somalia and Mozambique from the ports and creeks of Kenya and Tanganyika by dhows and coastal schooners as well as by the ocean going shipping which calls at the major seaports. These are the features which make possible the development of trade in the region, and they are augmented by the road and railway systems which provide links between the East African Coast and the Congo for transit traffic as well as for the exchange of local produce and manufactures. Finally, there is the north-south road route which runs down from the Sudan into Uganda and then out through Southern Tanganyika and into Northern Rhodesia.

The broad outlines of East Africa's trade with other countries in Africa are indicated by the table below. The first point of importance is the fact that trade within Africa accounts for under 6 per cent

TABLE B. II. 15

EAST AFRICAN TRADE WITHIN AFRICA: 1959:

(Thousands of Pounds Sterling)

Contiguous Countries	Domestic Exports	Re Exports	Total Exports	Net Imports	Balance of Trade
Somalia	196	176	372	14	+ 358
Ethiopia	52	9	61	50	+ 11
Sudan	600	173	773	7	+ 766
Congo	975	1754	2729	363	+2366
Central African Federation	722	262	984	309	+ 675
Mozambique	84	—	84	18	+ 66
Zanzibar	897	580	1477	162	+1315
Total*	3562	2934	6460	925	+5537
Other African Countries					
Madagascar	27	36	63	1	+ 62
Union of South Africa	3248	152	3400	5774	—2374
West Africa (Sterling)*	2	5	7	14	— 7
Libya	72	6	78	—	+ 78
Egypt	12	1	13	61	— 48
Total (2)	3361	200	3561	5850	—2289
Total (1) + (2)	6887	3134	10021	6773	+3248
Total All Countries	120684	8146	128830	121497	+7333
African Trade as % of Total Trade	4.7	38.5	7.8	5.6	

* West Africa (Sterling) includes the four present or former British colonial territories in West Africa, Ghana, Nigeria, Gambia and Sierra Leone.

of both Domestic Exports and Net imports, and that if it were not for the quite substantial trade with the Union of South Africa the proportion would be under 3 per cent. In the case of re-exports, as would be expected, the figure is much larger, and the fact that 38 per cent of this type of trade is carried on with other African countries, especially those with which she shares frontiers, suggests that East Africa is fulfilling a useful entrepot function which would be likely to extend as the economies of the region develop.

It may also be noted here that in respect of the trade with neighbouring territories East Africa has a substantial export surplus of about £5.5 millions, and even after taking account of the surplus of imports from the Union of South Africa there are still net earnings of £3.25 millions.

Although this trade is at present small in relation to the total value of imports and exports, the fact that there are regular commercial channels for the exchange of goods is a favourable portent for the future, and it should also be noted that as far as the domestic exports of East Africa are concerned, the neighbouring territories purchase very little of the major export crops. In the same way as the growth of trade between the three East African territories has depended on the development of specialised food products and secondary industry, together with a number of favourable institutional factors, so too the scope for the development of trade with neighbouring countries will depend on similar conditions. The major export crops and mineral products will remain East Africa's main trading link with the industrial countries of the world, but regional specialisation in food products and manufactures could develop extensively.

Trade with Somalia:

East Africa's trade with Somalia is carried out by road and by coastal steamers and dhows operating between Mombasa and Mogadishu, and is almost entirely in one direction. Exports and re-exports from East Africa (in fact, nearly all from Kenya) amounting to between three and four hundred thousand pounds annually, while imports are usually no more than about £20,000. Foodstuffs (including animal feeding stuffs) are the main items of domestic exports, while petrol, lubricating oils and a few miscellaneous manufactured goods such as textiles make up the bulk of the re-exports.

There are probably some prospects for the development of this trade, but Mombasa has to compete with Aden as an entrepot on this part of the Coast, and it is likely that domestic exports of food and goods manufactured in East Africa will be the most likely sources of expansion.

TABLE B. II. 16

East Africa: Trade With Somalia: 1958 (S.I.T.C. Sections)

(Thousands of Pounds Sterling)

	Food	Beverages & Tobacco	Crude Materials	Mineral Fuel & Lubricants	Animal & Vegetable Oils & Fats	Chemicals	Manufactured Goods	Machinery & Transport Equip.	Miscellaneous Manufactures	Other Transactions	TOTAL
EXPORTS	0	1	2	3	4	5	6	7	8	9	
Kenya	165	3	5	—	3	2	17	—	9	—	155
Uganda	68	2	—	—	1	—	—	—	—	—	71
Tanganyika	3	2	—	—	—	—	—	—	—	—	5
E. Africa Total	186	7	5	—	4	2	17	—	9	—	231
RE-EXPORTS											
Kenya	2	—	—	72	6	7	42	17	16	—	163
Uganda	—	—	—	—	—	—	—	—	—	—	—
Tanganyika	—	—	—	7	—	—	4	2	1	—	14
E. Africa Total	2	—	—	19	6	7	46	19	17	—	177
IMPORTS											
Kenya	6	—	3	—	—	—	—	—	—	—	10
Uganda	—	—	—	—	—	—	—	—	—	—	—
Tanganyika	9	—	—	—	—	—	—	—	—	—	9
E. Africa Total	15	—	3	—	—	—	—	—	—	—	19

	Exports £000	Re Exports £000	Total Exports £000	Imports £000
Kenya	155	163	318	10
Uganda	71	—	71	—
Tanganyika	5	14	19	9
East Africa	231	177	408	19

Trade with Ethiopia:

Trade with Ethiopia is at present so small as to be negligible, and the prospects of growth seem very limited. Northern Kenya and Southern Ethiopia are very thinly populated and underdeveloped and road communications are poor. Sea-borne traffic into the country through Djibouti is more likely to come from Europe via the Red Sea or from the Union of South Africa. Some growth might be expected of the trade in perishable foodstuffs by air from Nairobi to Addis Ababa but it would be confined to high value products and the total volume is not likely to increase significantly.

TABLE B. II. 17

Eeat African Trade with Ethiopia 1958
(Thousands of Pounds Sterling)

	Exports	Re-Exports	Total Exports	Imports
Kenya	42	13	55	9
Uganda	—	—	—	—
Tanganyika	3	—	3	1
East Africa	45	13	58	10

Trade with Sudan:

The greater part of East Africa's trade with the Sudan has been carried out by Uganda, using the overland route between Gulu in Uganda's northern Province and Juba in the Equatoria Province of the Sudan. The general pattern of this trade has been for relatively large quantities of goods of Uganda origin, mainly coffee, to flow north, plus a much smaller quantity of goods of foreign origin which are re-exported. Imports into East Africa from the Sudan have been negligible.

A feature of the trade has been its liability to fluctuations in response to internal conditions in the two countries, and also to the fact that very little positive action has been taken by the two governments to stimulate trade along this route. Uganda's main exports to the Sudan have been coffee and other foodstuffs, but the latter has been very much influenced by the internal supply position, and from time to time Sudanese requests to import ghee and maize, for example, have been turned down by the Uganda authorities when domestic supplies were short. Similarly requests from the Sudan to be allowed to import cement from Uganda, to cope with their expanded building programme, have been turned down on the grounds that internal supplies were uncertain and no regular shipments could be permitted. Now that there is a surplus of cement production in East Africa, however, it is possible that permanent trade in this commodity could be established to the Sudan. The sharp fall in exports from Uganda in 1958 and 1959 was due to currency restrictions imposed in the Sudan followiny balance of payments difficulties which arose after the Suez crisis of 1957. These restrictions have now, to a large extent, been removed following a substantial recovery in cotton exports. The result has been that during 1960 there was a considerable revival of trade between the two countries.

Occasionally the initiative has been taken by one or other of the two governments to encourage trade between the two countries, but there appears to have been no sustained effort in this direction. For example, in 1949 the Uganda Government decided that an expansion of exports to the Sudan was a legitimate part of the sterling area's export drive, but no positive action appears to have been taken, and the initiative was left almost entirely to the local traders themselves. Since none of the firms operating in these border areas are very large or substantial concerns, they are unlikely, on either side, to be able to undertake much in the way of export promotion, or to be able to give credit, although they provide an adequate channel for the actual transmission of goods. It is very evident that there is little real knowledge of the markets available in the two countries, or any regular machinery of consultation between the administrations of the two countries on economic relations. *Ad hoc* enquiries are made from time to time by both parties, but seldom seem to be systematically followed up.

In 1961, a further attempt was being made by the Uganda Government to restore the trade which collapsed almost completely after 1958 because of Sudanese import restrictions. (From 1955 to 1957 Uganda's exports had averaged more than one million pounds annually, but in 1958 they fell to little more than £300,000). It was suggested that the Sudan might permit a quota of its sterling to be used for purposes of importing from Uganda, or that it might be possible to arrange for barter deals between merchants in the two countries in an effort to reopen trade. Unfortunately there is little which the Sudan can supply for consumption in Uganda, but the more promising suggestion has been that Uganda could provide a channel for the re-export of items such as hides and skins, especially if the development of the Southern Sudan through such schemes as the Equatoria Projects Board could be accelerated. In return, Uganda could supply a wide range of foodstuffs, including some perishable items, by air. as well as such items as cloth and enamelware.

There is little doubt that this trade can be expanded, since there is a fairly well established route into the Equatoria Province and a regular trade in small quantities of goods, but one of the greatest difficulties in the past has been that the Sudan has been more developed in the north than in the south, and has also tended to look eastwards to the sea rather than south into the largely undeveloped parts of northern Uganda. Similarly the most rapid development in Uganda so far has taken place in the southern areas round the lake, and has been entirely associated with the development of the

two export crops, cotton and coffee. It is only in very recent years that there has been any significant increase in economic activity in the northern province, and, as a result, trade was limited to a few of the larger townships and trading centres, and the merchants saw little advantage, except on a very casual basis, in endeavouring to open up trade with the Equatoria Province of the Sudan. Nevertheless this province, with a population of about a million and with its headquarters at Juba, although at present poorly developed, undoubtedly represents a potential market for East African produce, especially when railway communications in northern Uganda are improved.

TABLE B. II. 18

EAST AFRICA: TRADE WITH SUDAN 1958 (S.I.T.C. Sections)

(Thousands of Pounds Sterling)

	Food 0	Beverages & Tobacco 1	Crude Materials 2	Mineral Fuel & Lubricants 3	Animal & Vegetable Oils & Fats 4	Chemicals 5	Manufactured Goods 6	Machinery & Transport Equip. 7	Miscellaneous Manufactures 8	Other Transactions 9	TOTAL
EXPORTS											
Kenya	24	—	—	—	—	24	15	—	—	—	73
Uganda	308	—	—	—	2	2	—	—	—	—	312
Tanganyika	1	—	—	—	—	—	—	—	—	—	1
TOTAL	333	—	—	—	2	26	15	—9	9	—	386
RE-EXPORTS											
Kenya	—	—	1	—	—	—	—	—	13	2	16
Uganda	1	—	—		—	1	55	10	1	—	68
Tanganyika	—	—	—	—	—	—	—	—	—	—	—
TOTAL	1	—	1	—	—	1	55	23	3	—	84
IMPORTS											
Kenya	1	—	2	—	—	—	—	—	—	—	3
Uganda	—	—	29	—	—	—	—	—	—	—	29
Tanganyika	—	—	—	—	—	—	2	—	—	—	2
TOTAL	1	—	31	—	—	—	2	—	—	—	34

	Exports £000	Re-Exports £000	Total Exports £000	Imports £000
Kenya	73	16	89	3
Uganda	312	68	380	29
Tanganyika	1	—	1	2
East Africa	386	84	470	34

Trade with Congo:

There are two major routes by which East Africa's trade with the Congo takes place. The first is through Tanganyika, along the Central Line of the railway from Dar es Salaam to Kigoma on the shores of Lake Tanganyika, and the second is by rail from Mombasa to Uganda, and thence through south western Uganda into the Congo and Ruanda-Urundi. When the Western extension of the Uganda railway was built from Kampala to Kasses and opened in 1956, one of the long term economic justifications for the route was the hope expressed at the time by both British and Belgian authorities of encouraging the flow of goods from the Eastern Congo to use the railway and ports of British East Africa. So far these hopes have not been realised, under normal trading conditions, but the route remains an important potential link between the two areas. There is also a small amount of trade which finds its way through north-western Uganda into the Kilo mining area of the Congo. It is evident that the East African territories have provided an important and economic outlet for trade from the eastern Congo region, and the possibilities for further expansion, given increased railing capacity, are very considerable, There seems to be no reason why such arrangements as were made by the Belgians, who are still administering the base at Dar es Salaam, should not be made with the new authorities, and also extended to other neighbouring territories. It is now being proposed, for exmaple, to extend the Uganda railway into the northern parts of the country as far as Pakwach on the Nile, and even beyond into the West Nile District of Uganda, and if this were done it could provide a valuable link, for the Orientale province of the Congo.

It will be seen from the table that, even apart from the transit traffic through Dar es Salaam and Kigoma, the greater part of East Africa's trade

with the Congo consists of re-exports, especially of petroleum products and lubricating oils, but there is still a little under one million pounds worth of local East African produce, mainly foodstuffs, which are marketed in the Congo. This consists of meat, fish, butter, tea, biscuits, eggs and animal feeding stuffs, while manufactured goods include hurricane lamps, metal doors and windows, bottles, paper products, fertilisers, footwear and domestic metalware (cooking pots, basins, etc). Thus, the expanding manufacturing sector in East Africa, especially in Kenya, is beginning to penetrate the Congo on quite a wide front. The reason for this is probably to be found in the close commercial links which have been built up by traders handling the transit and re-export traffic with East African wholesalers and importers. In such a situation it is possible for both buyers and sellers to have good knowledge of market conditions and of sources of supply, which are factors of very great importance when the volume of trade is so small. More important, however, or at least a necessary precondition of the development of trade, is the existence of a number of relatively prosperous areas in the Congo close to the East African borders. In the north are the Kilo-Moto mines, further south are plantions and the well developed parts of Kivu Province and Ruanda-Urundi, while yet further to the south is Katanga.

Ruanda-Urundi is, in a sense, a special case, for it has a long historical connection with Uganda through the many thousands of immigrant labourers who enter the country every year, and who remit quite substantial sums of money to their homes. These remitted earnings, which are probably in excess of £250,000 annually, may either be exchanged for Congo or Ruanda currency, or else spent on the purchase of goods within East Africa. The whole conduct of trade along the Uganda/Congo/ Ruanda border was for many years very informal in character. There was no exchange difficulty, and the currencies circulated side by side in all three territories. The long open frontiers, too, have meant that it was impossible to record all the trade which took place. As far as goods are concerned, the trade was almost all in one direction: Congolese and Banyaruanda making purchases in Uganda or Tanganyika trading centres, and paying for them either in Francs or East African Shillings earned from migrant labour. Prices of almost all commodities (with the exception of cigarettes in which where was a certain amount of smuggling) being higher in the Congo and Ruanda Urundi than in East Africa. Apart from a certain amount of tourism, and some imports of elephant ivory and palm oil, the only expenditure by East Africans in the Congo has been occasional visits by Africans living near the borders to hospitals and dispensaries in the Congo when these were either nearer or had acquired a better reputation than those in Uganda or Tanganyika.

The political upheaval in the Congo after July 1960 cut the links which bound that country closely to Belgium, and has resulted in a new pattern of trade developing with East Africa. By the first half of 1961 this trade had begun to settle down after the chaotic conditions which prevailed for the first few months after independence. The first problem had been that of the currency exchange. Even before independence the Belgian authorities had imposed exchange restrictions which placed difficulties in the way of trade with East Africa; many of Uganda's fishermen, for example, who sold their produce in the Congo found themselves unable to convert their franc earnings back into East African currency, and the result was that their trade suffered a serious decline. The situation worsened after Congolese independence when there was complete uncertainty as to the future exchange value of the currency, and this, together with the general breakdown of law and order, resulted in a virtual cessation of all trade for several months.

Gradually, however, the exterme shortages of goods in the Congo forced traders to devise ways of re-establishing the flow of trade, and a large volume of barter traffic began to flow between the two countries. At first this was carried out under very great difficulties by a small group of active and adventurous entrepreneurs, many of them being former Congo residents (Greeks, Belgians and others) who made forays into the Congo districts with which they were familiar, obtaining coffee, rubber, papain, tea and palm oil in exchange for small quantities of petrol, sugar, biscuits, batteries, flour and other foodstuffs. After the first few months, however, this trade began to settle down into an established routine with the support of authorities on both sides, and it has now reached considerable proportions. Several former Congo merchants have returned to reopen their businesses, and both importers and exporters in the Orientale and Kivu Provinces are finding it cheaper as well as safer to obtain their requirements or sell their exports to the East rather than to the West. In this way the facts of geography are beginning to assert themselves, and trade is now in a position to follow its natural and most economical course - although it is still limited by its essentially barter nature.

The routing of Congo exports through Uganda to Mombasa has had a number of interesting and important effects. In the first place it has considerably increased the traffic on East African railways, and this has been especially significant on the extension of the line from Kampala to Kasese which was opened in 1956. As has been noted already, although this extension was built in the hope that traffic from the Congo would increase, there had in fact been very little Congo traffic using the line. At present most of the export traffic is coming from the Beni and Paulis regions of the Orientale province, and it is still small, but there is no doubt that the Kasese railhead in Uganda is capable of drawing goods

from a much wider hinterland once conditions in the Congo become more stable. This development has been greatly welcomed by the East African railway authorities, and in particular by the Uganda Government. It would be especially valuable to them if the railway could become a permanent route for the carrying of imports into the north eastern Congo, because not only are imports a more valuable traffic, but also it would increase the volume of traffic flowing westward, since up to now the greater part of the traffic handled has been eastbound export produce to the Coast. Furthermore, the development of traffic from Kasese into the Congo, together with the general increase in Congo trade through and with Uganda, would give a valuable stimulus to local trade in Western Uganda. So far little has been done to encourage the growth of this trade, although the authorities in Uganda have made it possible for documents to be issued at Kasese, which enables Congolese export produce to be shipped straight from there to European and other foreign ports without further documentation. On the other hand, the form in which the trade has been taking place, and the political circumstances prevailing in the Congo, has enabled merchants to purchase export produce in the Congo at extremely low prices and charge very high prices for the imported goods which they took back into the Congo. In Uganda they were able to sell the export produce very profitably and buy the foodstuffs, petrol, cigarettes, etc. very cheaply .The result has been that many of them have been able to accumulate large balances in East Africa, which they were able to transfer freely to other parts of the sterling area or into foreign currencies. Two steps have now been taken to prevent this from happening .First, the Congo authorities in the Orientale Province have imposed export taxes on all goods leaving the province and are only allowing the export of produce on condition that the proceeds of such sales are used to finance imports. Second, banks in Uganda have been instructed that the payments for sales of Congolese export produce must be credited to special accounts which may not be freely transferred out of Uganda. In other words, the aim is to encourage the growth of this "barter-transit' trade in both directions instead of it becoming a one-way transit traffic, with the sterling proceeds being drained out of East Africa. Restrictive measures such as these, while they may be effective in present circumstanes when East Africa has in a sense a monoplist position as the outlet for this export produce, could in the long run inhibit the development of trade with the Congo when the traditional outlets to the west coast ports are reopened.

TABLE B. II. 19

EAST AFRICA: TRADE WITH CONGO 1958

(Excluding Transit Trade via Dar es Salaam) S.I.T.C. Sections

(housands of Pounds Sterling)

	Food 0	Beverages & Tobacco 1	Crude Materials 2	Mineral Fuel & Lubricants 3	Animal & Vegetable Oils & tures 4	Chemicals 5	Manufactured Goods 6	Machinery & Transport Equip. 7	Miscellaneous Manufactures 8	Other Transactions 9	TOTAL
EXPORTS											
Kenya	252	3	1	—	—	57	34	8	2	2	358
Uganda	284	4	12	—	—	1	168	—	1	—	470
Tanganyika	13	—	84	—	—	4	1	—	3	—	105
E.Africa Total	549	7	97	—	—	62	203	8	6	2	933
RE-EXPORTS											
Kenya	1	—	26	4	—	8	8	37	4	—	88
Uganda	7	—	22	574	—	1	24	41	1	—	670
Tanganyika	1	—	—	1254	—	—	9	9	2	—	1376
E. Africa Total	9	—	48	1932	—	9	41	87	7	—	2134
IMPORTS											
Kenya	—	—	93	—	168	—	—	—	6	—	267
Uganda	12	—	1	—	65	—	—	—	—	—	78
Tanganyika	—	—	3	—	7	—	8	—	—	—	18
E. Africa Total	12	—	97	—	240	—	8	—	—	6	363

	Exports £000	Re-Exports £000	Total Exports £000	Imports £000
Kenya	358	88	446	267
Uganda	470	670	1140	78
Tanganyika	105	1376	1481	18
East Africa	933	2134	3067	363

Trade with the Federation of Rhodesia and Nyasaland:

At the present time there is a desire among some political leaders in Northern Rhodesia and Nyasaland to associate themselves politically and economically with Tanganyika and with the rest of East Africa. This is no new development, and in the early years of the 1920s the Governors of both these two territories were associated with the meetings in East Africa which eventually formed the basis of the East Africa High Commission. Gradually, however, these two territories were drawn away from East Africa by the more rapid economic growth which was taking place in Southern Rhodesia, and also by the fact that there was no satisfactory outlet to the sea through Tanganyika for the produce of the rapidly expanding copper industry of Northern Rhodesia, which thus came to look south for supplies of coal, and east, through Mozambique and the port of Beira to the sea. The fact that there has been a reversal of this trend within the last two or three years, and a reconsideration of the possibility of becoming associated with East Africa, is due almost entirely to political factors: African dissatisfaction with the Central African Federation of the two Rhodesias and Nyasaland, and also the very rapid political advance of Tanganyika towards political independence. Whether or not any closer political association should take place between these countries, the prospects of a substantial development of trade between them are not very good so long as the existing pattern of communications remains.

One of the main difficulties which arises in any trade of this kind is the fact that because of the long road haul which would be involved, often over very difficult country, it is essential that there should be a two way traffic, whereby full loads may be carried in both directions if the business is to be economical. It is often the case that there is the possibility of one way traffic — for example, a few years ago active consideration was given to the sale of vegetables from Tanganyika in Northern Rhodesia markets, but since the lorries carrying the goods would have had to return empty the vegetables would have had to bear the entire costs of the return journey, thus wiping out the relative cost advantage which they enjoyed.

The present trade between the Federation and East Africa consists mainly of the export of Kenya butter and coffee and timber from Tanganyika, while imports are mainly of unmanufactured tobacco.

It is possible that a development of transport on Lake Nyasa would provide an outlet for some of the cash crops of southern Tanganyika, but the existing marketing organizations and other related commercial factors tend to draw this traffic northwards into the main stream of Tanganyika's export produce. However, these are institutional rather than economic factors, and the possibility of closer co-operation between Tanganyika and Nyasaland could overcome them. On the whole it is likely that the further development of trade in this direction will be slow unless there is a major reconsideration to transport development policy, or much closer liaison in marketing matters.

TABLE B. II. 20

EASTERN AFRICA TRADE WITH FEDERATION OF RHODESIA & NYASALAND

(Thousanda of Pounds Sterling)

	Exports	Re-Exports	Total Exports	Imports
Kenya	358	68	426	209
Uganda	22	1	23	83
Tanganyika	469	140	609	68
East Africa	849	209	1058	360

TABLE B. II. 21

EAST AFRICAN TRADE WITH MOZAMBIQUE 1958

(Thousands of Pounds Sterling)

	Exports	Re-Exports	Total Exports	Imports
Kenya	41	41	82	13
Uganda	31	—	31	—
Tanganyika	150	14	164	9
East Africa	222	55	277	22

Trade with Mozambique:

There is a small trade between East Africa and Mozambique which consists mainly of the export of certain varieties of timber and sisal matting from Tanganyika. It is, in some respects, strange that the volume of this trade should be so small and its range so limited, since there are potentially good communications between the two conutries, by sea from the southern Tanganyika ports as well as from Dar es Salaam and Mombasa to the major ocean ports of Beira, Nacala and Louernco Marques, and by Lake Nyasa to the railhead at Porto Arrodo from which the railway runs to Nacala. This railway indeed was built with some hopes of drawing traffic from British Central Africa as well as from Katanga in the Congo, but there is no doubt that it could also serve as an important transit outlet for goods from the Southern Province of Tanganyika. There have been occasions on which local food shortages in Tanganyika have been assisted by supplies of maize from Mozambique, but apart from this imports have generally been negligible. It is possible that the development of secondary industry in Tanganyika might find some support from the Mozambique market served the rough the Lake Nyasa route, but since most of such development is likely to take place in the north of the country or in the coastal areas the most promising line of communication would be by coastal shipping .There is, however, little chance of a major expansion of trade in this direction, since Mozambique is much closer to the more highly

industrialized Southern Rhodesia and Transvaal economies, and has already strong links with them because of the transit traffic through Beira and Lourenco Marques.

Trade with Zanzibar:

Zanzibar lies about 30 miles off the Tanganyika coast, and although it does not form a part of the East African customs union it has traditionally had close economic ties with the mainland, and indeed in the 19th century was the main trading post and slave market for the East African interior. Exports and re-exports from the mainland to the island amount to over a million pounds a year and consist principally of foodstuffs, timber, and a few manufactured items, while imports consist chiefly of coconut oil. There is also a good deal of unrecorded trade carried out by dhows and small coastal schooners operating between the island and the numerous small creeks and landing stages on the Tanganyika coast. While the Zanzibar tariff is broadly similar to that of East Africa, duties have often been lower on items such as liquor, cigarettes, cameras, etc. and this has led to a certain amount of smuggling. Suggestions have been made from time to time that Zanzibar's interests might be served by her development as a free port, but the greater likelihood is that she will form closer links with the mainland and become a part of the East African Union. Commercial links are already strong, communications are good and a large proportion of the Zanzibar population is of mainland origin .

TABLE B. II. 22

EAST AFRICA: TRADE WITH ZANZIBAR (S.I.T.C. Sections)

(Thousands of Pounds Sterling)

	Food 0	Beverages & Tobacco 1	Crude Materials 2	Mineral Fuel & Lubricants 3	Animal & Vegetable Oils & Fats 4	Chemicals 5	Manufactured Goods 6	Machinery & Transport Equip. 7	Miscellaneous Manufactures 8	Other Transactions 9	TOTAL
EXPORTS											
Kenya	169	1	18	—	1	3	20	1	10	—	223
Uganda	26	25	22	—	4	15	1	1	—	—	77
Tanganyika	217	3	182	—	2	—	18	1	4	—	440
East Africa	412	29	222	—	7	18	39	2	14	—	740
RE-EXPORTS											
Kenya	29	7	27	93	—	5	21	14	22	—	218
Uganda	—	—	—	—	—	—	—	—	—	—	—
Tanganyika	8	—	1	83	—	14	32	43	30	—	210
East Africa	37	7	28	176	—	19	53	57	52	—	428
IMPORTS											
Kenya	3	—	—	—	296	—	1	—	—	—	300
Uganda	—	—	—	—	—	—	—	—	—	—	—
Tanganyika	1	—	19	—	3	—	11	1	—	—	34
East Africa	4	—	19	—	299	—	12	1	—	—	334

	Exports £000	Re-Exports £000	Total Exports £000	Imports £000
Kenya	223	218	441	300
Uganda	77	—	77	—
Tanganyika	440	210	650	34
East Africa	740	428	1168	334

C. *Trade with other African countries*:

With one notable exception East Africa's trade with other countries on the continent is negligible. The exception is the Union of South Africa, and here the trading pattern is much closer to that with the rest of the world. Both Kenya and Uganda sell a large quantity of raw coffee, Tanganyika sells timber and sisal, and in return they import canned foodstuffs, processed cereals and manufactured goods. As a proportion of East Africa's total trade with the rest of Africa the Union of South Africa buys 46 per cent of exports, 8 per cent of re-exports, and provides 75 per cent of imprts. Sea communications are excellent between South and East African ports, and South Africa's industrial potential may become a very valuable asset in the whole economy of Africa south of the Sahara. All the other countries which we have considered are underdeveloped and are only just emerging from traditional subsistance economies. The extent to which trade can develop further between these countries of the central part of Africa and the continent's major industrial economy will however, depend to a large extent on political developments

TABLE B. II. 23

EAST AFRICA: TRADE WITH THE UNION OF SOUTH AFRICA 1958

(£000)

EXPORTS	Food 0	Beverages & Tobacco 1	Crude Materials 2	Mineral Fuel & Lubricants 3	Animal & Vegetable Oils & Fats 4	Chemicals 5	Manufactured Goods 6	Machinery & Transport Equip. 7	Miscellaneous Manufactures 8	Other Transactions 9	TOTAL
Kenya	364	—	101	—	—	551	1	8	2	—	1026
Uganda	1313	—	29	—	—	—	—	—	—	—	1342
Tanganyika	158	—	413	—	9	—	59	—	1	—	641
East Africa	1835	—	543	—	9	551	60	8	3	—	3009
RE-EXPORTS											
Kenya	—	—	33	1	—	5	13	145	29	1	227
Uganda	—	—	—	—	—	—	—	—	—	—	—
Tanganyika	—	—	7	—	—	—	—	29	6	—	42
East Africa	—	—	40	1	—	5	13	174	35	1	269
IMPORTS											
Kenya	274	39	50	440	1	693	1210	306	202	1	3216
Uganda	30	2	38	—	—	77	307	206	16	—	677
Tanganyika	162	13	11	37	1	224	367	223	27	—	1066
East Africa	466	54	99	477	2	994	1884	735	245	1	4959

	Exports £000	Re-Exports £000	Total Exports £000	Imports £000
Kenya	1026	227	1253	3216
Uganda	1342	—	1342	677
Tanganyika	641	42	683	1066
East Africa	3009	269	3078	4959

Conclusion

East Africa seems to be at the present time on the threshold of full economic integration. The three countries, which are significantly different from one another in their historical backgrounds and economic structures and in the character of their economic development, have devised institutions and trading practices which could enable them to continue the present structure of economic federalism on the one hand or to move more closely together into complete economic union. One critical question for the future will be the extent to which the degree of economic cooperation and coordination between Kenya, Uganda and Tanganyika can be spread wider to embrace the neighbouring countries. Having built up a single market which enables development to take place on a scale which would be beyond the possibilities of the territories own resources of incomes and population, the next stage should be in the direction of broadening the East African market on a regional basis.

A number of factors are favourable for such developments and provide a necessary background to the realistic and detailed consideration of the machinery whereby such cooperation might be achieved .In the first place, there is the growing awareness among political leaders of the problems of the continent as a whole, and although these have not yet had to face the tests of practical negotition and conflicting local interests there is, especially among the newly independent nations, at least a generally favourable climate of opinion. Second, and perhaps of more immediate practical relevance is the growing economic maturity of the African countries, which although still backward, are almost everywhere moving out of an era of stagnant traditionalism and are seeking, desperately, for ways and means of accelerating the progress. Third, the past decade has seen the emergence of regional economic and political groupings in other parts of the world, some of which, such as the European Economic Community, have implications for the primary producing countries of tropical Africa. Fourth is the view, that Africa should no longer be regarded as a resource area for the industrialized countries of the world, but should have an economic identity of its own. In economic term this can be seen as a reaction against the traditional instability of economies based on the export of primary produce which are at the mercy of sharp fluctuations in the terms of trade. It is also a reaction against the feeling of continued reliance on the (often former colonial) powers of Europe for the outward and visible signs of economic progress. Fifth in the highly industrialized countries the development of synthetic sub-

stitutes for natural raw materials, or a situation where the agricultural policies of the United States in regard to cotton or Brazil in relation to coffee, all add weight to arguments in favour of greater product diversification, industrialization, local specialization and economic integration.

Up to the present East Africa has tended to look either inwards towards its own internal market or far outward to the overseas markets for its export produce. This was, perhaps, necessary and it was certainly inevitable while the territories were poor and colonial in status. Even while that poilitical dependence continued, however, the internal growth of the economies has enlarged their commercial horizons where geographical considerations have proved most favourable. Moreover, it is not necessary that economic regionalism should be seen as an alternative to the traditional directions of economic policy, for these will continue to represent the main possibilities of economic growth for some time to come. Internal economic forces, where these have begun to emerge on a self generating basis as in East Africa, must remain as one of the dynamic elements in economic growth, while trade with other economic areas must remain another. It is rather the recognition that there is a third potentially dynamic element — politically expedient, and economically and geographically accessible — which is important.

It has been a part of much of the argument throughout this general analysis that the three East African territories occupy a strategic position within the eastern part of the continent: they are well integrated economically; they have acess to the sea and to the markets of the world, especially to Asia; they have economies which have grown prodigiously in the past fifteen years even against unfavourable terms of trade in the past five years; and they are already geared, albeit to a limited extent, to providing at least some goods and services to their neighbours. Taking these facts as a sterling point, and looking at the wider regional issue from East Africa's point of view, it would appear that the most immediately profitable approach would be to consider the possibilities of trade expansion country by country. In some respects this has already occurred as an *ad hoc* and semi-emergency operation in relation to Uganda's trade with the Congo during 1961. Such an approach has the merit of enabling the initiative to be taken by single governments in directions of policy which are wholly consistent with policies which they are alreary pursuing, and, in the process, of revealing more clearly the particular obstacles and local interests which would have to be overcome. We have already seen that one of the main features of East Africa's trade with her neighbours is that it is essentially all in one direction, and it has sometimes been argued in East Africa that there is little advantage to be gained in trying to enlarge commercial contacts with, say, the Sudan or Ethiopia, because "They have nothing which we want to buy" As .a purely static proposition this may be true, although it need not necessarily always remain so. Moreover, even if imbalances were to persist for some time, they need not be of serious concern, especially when measured against the advantages which the mutual enlargement of markets could confer. To negotiate agreements between particular countries or on behalf of particular industries or activities would form the basis of a long term programme of increasing regional co-operation in order to encourage the growth of inter-African trade.

DISTRIBUTORS FOR UNITED NATIONS PUBLICATIONS

ARGENTINA
Editorial Sudamericana, S.A., Alsina 500, Buenos Aires.
AUSTRALIA
Melbourne University Press, 369, Lonsdale Street, Melbourne C. 1
AUSTRIA
Gerold & Co., Graben 31, Wien 1.
B. Wullerstorff, Markus Sittikusstrasse 10, Salzburg.
BELGIUM
Agence et Messageries de la Presse, S.A., 14-22, rue du Persil, Bruxelles.
BOLIVIA
Libreria Selecciones, Casilla 972, La Paz
BRAZIL
Livraria Agir, Rua Mexico 98-B, Caixa Postal 3291, Rio de Janeiro.
BURMA
Curator, Govt. Book Depot, Rangoon
CAMBODIA
Entreprise khmère de librairie, Imprimerie & Papeterie Sarl, Phnom-Penh.
CANADA
The Queen's Printer, Ottawa, Ontario.
CEYLON
Lake House Bookshop, Assoc. Newspapers of Ceylon, P.O. Box 244, Colombo.
CHILE
Editorial del Pacifico, Ahumada 57, Santiago.
Libreria Ivens, Casilla 205, Santiago.
CHINA
The World BookCo., Ltd., 99 Chung King Road, 1st Section, Taipeh, Taiwan.
The Commercial Press, Ltd., 211 Honan Rd., Shanghai.
COLOMBIA
Libreria Buchholz, Av. Jiménez de Quesada 8-40, Bogotá.
COSTA RICA
Imprenta y Libreria Trejos, Apartado 1313, San José.
CUBA
La Casa Belga, O'Reilly 455, la Habana.
CZECHOSLOVAKIA
Ceskoslovensky Spisovatel, Nàrodni Trida 9, Praha 1
DENMARK
Ejnar Munksgaard, Ltd., Norregade 6. Kobenhavn, K.
DOMINICAN REPUBLIC
Libreria Dominicana, Mercedes 49, Ciudad Trujillo.
ECUADOR
Libreria Cientifica, Casilla 362, Guayaquil.
EL SALVADOR
Manuel Navas y Cia., 1a. Avenida sur 37, San Salvador.
ETHIOPIA
International Press Agency, P.O. Box 120, Addis Ababa.
FINLAND
Akateeminen Kirjakauppa, 2 Keskuskatu, Helsinki.
FRANCE
Editions A Pédone, 13, rue Soufflot, Paris (Ve).
GERMANY
R. Eisenschmidt, Schwanthaler Strasse 59, Frankfurt/Main.
Elwert & Meurer, Hauptstrasse 101 Berlin-Schöneberg.
Alexander Horn, Spiegelgasse 9, Wiesbaden.
W. E. Saarbach, Gertrudenstrasse 30, Koln (1).
GHANA
University Bookshop, University College of Ghana, Legon, Accra.
GREECE
Kauffmann Bookshop, 28 Stadion Street, Athènes.
GUATEMALA
Sociedad Económico-Financiera, 6a Av. 14-33, Guatemala City.
HAITI
Libraire "A la Caravelle", Port-au-Prince
HONDURAS
Libreria Panamericana Tegucigolpa.
HONG-KONG
The Swindon Book Co., 25 Nathan Road, Kowloon.
ICELAND
Bakaverzlun Sigfusar Eymundssonar H. F., Austurstraeti 18, Reykjavik.
INDIA
Orient Longmans, Calcutta, Bombay, Madras, New Delhi and Hyderabad.
Oxford Book & Stationery Co., New Delhi and Calcutta.
P. Varadachary & Co., Madras.
INDONESIA
Pembangunan, Ltd., Gunung Sahari 84, Djakarta.
IRAN
Guity, 482 Ferdowsi Avenue. Teheran.
IRAQ
Mackenzie's Bookshop, Baghdad
IRELAND
Stationery Office, Dublin
ISRAEL
Blumstein's Bookstore, 35 Allenby Rd. and 48 Nachlat Benjamin St., Tel Aviv
ITALY
Libreria Commissonaria Sansoni, Via Gino Capponi 26, Firenze, and Via D. A. Azuni 15/A, Roma.
JAPAN
Maruzen Co. Ltd., 6 Tori-Nichome, Nihonbashi, Tokyo.
JORDAN
Joseph I. Bahous & Co., Dar-ul-Kutub, Box 66, Amman.
KOREA
Eul-Yoo Publishing Co., Ltd., 5, 2-KA, Chongno, Seoul.
LEBANON
Khayat's College Book Cooperative, 92-94, rue Bliss, Beirut.
LUXEMBOURG
Librairie J. Trausch-Schummer, place du Théâtre, Luxembourg.
MEXICO
Editorial Hermes, S.A., Ignacio Moriscal 41, México, D.F.
MOROCCO
Centre de diffusion documentaire du B.E.P.I., 8, rue Michaux-Bellaire, Rabat.
NETHERLANDS
N.V. Martinus Nijhoff, Lange Voorhout 9, 's-Gravenhage.
NEW ZEALAND
United Nations Association of New Zealand, C.P.O., 1011, Wellington.
NORWAY
Johan Grundt Tanum Forlag, Kr. Augustsgt 7A, Oslo.
PAKISTAN
The Pakistan Co-operative Book Society Dacca, East Pakistan.
Publishers United, Ltd., Lahore.
Thomas & Thomas, Karachi.
PANAMA
José Menéndez, Agencia Internacional de Publicaciones, Apartado 2052, Av. 8A, sur 21-58, Panamá.
PARAGUAY
Agencia de Librerias de Salvador Nizza, Calle Pte. Franco No. 39-43, Asunción.
PERU
Libreria Internacional del Perú, S.A., Casilla 1417, Lima.
PHILIPPINES
Alemar's Book Store, 769 Rizal Avenue, Manila.
PORTUGAL
Livraria Rodrigues y Cia, 186 Rua Aurea, Lisboa.
SINGAPORE
The City Book Store, Ltd., Collyer Quay
SPAIN
Libreria Bosch, 11 Ronda Universidad, Barcelona.
Libreria Mundi-Prensa, Castello 37, Madrid.
SWEDEN
C. E. Fritze's Kungl. Hovbokhandel A-B Fredsgatan 2, Stockholm.
SWITZERLAND
Librairie Payot, S.A., Lausanne, Genève.
Hans Rounhardt, Kirchgasse 17, Zürich 1.
THAILAND
Pramuan Mit., Ltd., 55 Chakrawat Road, Wat Tuk, Bangkok.
TURKEY
Librairie Hachette, 469 Istiklal Caddesi, Beyoglu, Istanbul.
UNION OF SOUTH AFRICA
Van Schaik's Bookstore (Pty) Ltd., Church Street, Box 724, Pretoria.
UNION OF SOVIET SOCIALIST REPUBLICS
Mezhdunarodnaya Knyiga, Smolenskaya Ploshchad, Moskva.
UNITED ARAB REPUBLIC
Librairie "La Renaissance d'Egypte" 9 Sh. Adly Pasha, Cairo.
UNITED KINGDOM
H.M. Stationery Office, P.O. Box 569, London, S.E. 1 (and HMSO branches in Belfast, Birmingham, Bristol, Cardiff, Edinburgh, Manchester).
UNITED STATES OF AMERICA
Sales Section, Publishing Service, United Nations, New York.
URUGUAY
Representación de Editoriales, Prof. H. D'Elia, Plaza Cagancha 1342, 1° piso, Montevideo.
VENEZUELA
Libreria del Este, Av. Miranda, No. 52 Edf. Galipán, Caracas.
VIET-NAM
Librairie-Papeterie Xuân Thu 185, rue Tu-Do, B. P. 283, Saïgon.
YUGOSLAVIA
Cankarjeva Zalozba, Ljubljana, Slovenia.
Drzavno Preduzece, Jugoslovenska Knjiga, Terazije 27/11, Beograd.
Prosvjeta, 5, Trg Bratstva i Jedinstva, Zagreb. [61 E 1]

Orders and inquiries from countries where sales agents have not yet been appointed may be sent to: Sales and Circulation Section United Nations, New York, U. S. A.; or Sales Cection, United Nations, Palais des Nations Geneva, Switzerland

Printed in Ethiopia

6591 E

Price: $U.S. 0.75; 5/— sterling; Sw. fr.: 3.00
(or equivalent in other currencies)

January 1962 - 4
Sales No.: 62. II. K