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The following symbols have been used throughout this *Bulletin*:

- ... Not available or not pertinent;
- Nil or negligible.

In referring to combinations of years, the use of an oblique stroke, e.g., 1967/68, signifies a twelve-month period, e.g., from 1 July 1967 to 30 June 1968. The use of a hyphen, e.g., 1964-1968, 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. Dollars, unless otherwise indicated, refer to United States dollars. Minor discrepancies in totals and percentages are due to rounding.

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SUMMARY AND NOTE

Beginning with this issue, when a volume of the *Bulletin* is composed of two issues, Number 1 will bear the date of June and the particular year and Number 2 will bear the date of December and the year. This is a departure from the previous policy, which used the identifying months of January and July of Numbers 1 and 2, respectively. It is also envisaged within the new policy that in some years a single combined enlarged issue will be published instead of the two separate numbers, as was done for Volumes VII and VIII. This may be repeated at times in the future when there are particularly important and timely topics for which the material prepared by or for the ECA secretariat requires a longer presentation than that allowed by the standard edition of the *Bulletin*.

The present edition is based upon the documents submitted by the ECA secretariat to the second session of UNCTAD, which was held in New Delhi from 1 February to 29 March 1968. However, the Report of the Secretary-General of UNCTAD, issued after the Conference, has been selected as a particularly appropriate and important introduction to the problems of African trade treated by the ECA secretariat.

Chapter 1 — The Significance of the second United Nations Conference on Trade and Development

The Secretary-General of UNCTAD presents a frank but unoptimistic view of the results of UNCTAD II, which he considers incommensurate with the dimensions and urgency of development needs. It is his conviction that the developed countries, with limited exceptions, have lacked the political will to make the outcome of the deliberations more meaningful for the developing world.

Chapter 2 — Economic co-operation in Africa

Three types of economic co-operation among African States are identified: multinational enterprises and institutions; areas of free trade and customs unions; and planning and implementation of agreed programmes. The extent and diversity of the continent have led the ECA and the OAU to adopt a sub-regional approach to economic co-operation since 1964. In all sub-regions there exists some form of inter-State organization which provides the op-

portunity for grouping together a larger number of States into a more viable economic unit. Three subjects of discussion within the framework of UNCTAD are cited as particularly relevant to and urgent for increased African co-operation: most-favoured nation clauses and other preferences; planning multinational programmes and projects; and co-ordination of external financing.

Chapter 3 — African trade: Trends and problems

From 1960 to 1966 African exports increased significantly more than imports, so that the continent reached a position of approximately balanced trade in the latter year as compared with a \$1,100 million deficit in 1960. Exports grew at the rate of 8.0 per cent *per annum*. However, the picture is much less encouraging when it is noted that over 70 per cent of the increased value of exports was due to exports of newly developed petroleum resources and that primary commodities still accounted for about 80 per cent of exports in 1966. Also, the slower rate in the growth of imports is not necessarily favourable, since the economic structure of the region makes it dependent upon external sources of supply for capital and other goods needed for development.

Chapter 4 — Exports of primary commodities and semi-manufactured and manufactured products

It is held that primary commodity trade should be viewed in terms of how much it can contribute to economic transformation. Therefore, further processing of these commodities in Africa is advocated, as well as reduction by the developed market economies of obstacles to the import of such processed goods. The leading traditional and new export products of manufacture and semi-manufacture are listed for the developing world as a whole and for Africa. Of the 20 leading African export products of manufacture and semi-manufacture, processed agricultural products, including beverages and leather, accounted for 62 per cent of their value in 1965. Among those traditionally exported to the developed market economies, alcoholic beverages led the list (mainly wine from Algeria), while fast growing new exports are petroleum products, pulp and waste paper, and floor coverings.

Chapter 5 — Post-Kennedy Round Tariff and non-tariff barriers facing selected products of export interest to Africa

The pre- and post-Kennedy Round situations on tariffs and quotas for products of actual and potential export interest to Africa are presented in tabular form. The survey covers 59 classes of product, using the headings of the Brussels Trade Nomenclature. The products form 21 groups of related commodities. Of the 59 classes of product, 18 now have reasonable assurance of unimpeded access to the four major developed markets. A summary is presented at the end of the chapter listing the remaining 41 products and indicating the type of action on tariffs and quotas which would be desirable from the standpoint of raising African export earnings.

Chapter 6 — Advisory paper: Trade — Special measures — The food problem

The bulk of the chapter is devoted to recommendations on objectives to be followed by African countries in negotiations on international trade. The recommendations are subdivided into questions of general commodity policy, agricultural primary commodities, metals and ores, manufactures and semi-manufactures, preferences, trade with socialist countries, and the financing of buffer stocks. On

the question of special preferential measures for the least developed among developing countries, the position is taken that much of Africa could easily fall into this category and that the approach of the continent should be to seek such measures for the region as a whole. Africa is considered capable of producing all its food requirements, and this policy should be pursued, as well as a policy of agricultural specialization in areas which can realize a large surplus in foodstuff production.

Chapter 7 — International co-operation in the financing of trade and development

External assistance is necessary to provide sufficient receipts for capital imports for development. *Per capita* figures show a very low rate of growth for the continent during the first United Nations Development Decade. Bilateral and multilateral transfers of capital from Western Europe and the United States have been the major source of assistance, but more assistance from the socialist countries would also be desirable. The terms of aid have deteriorated, a situation which should be reversed, and the quantity of aid should be increased, a tendency which is not presently apparent. Institutional arrangements should be strengthened for the supply and distribution of such aid.

Chapter I

THE SIGNIFICANCE OF THE SECOND UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

The statement which follows represents the report of the Secretary-General of UNCTAD, Mr. Raúl Prebisch, to the Secretary-General of the United Nations, upon the conclusion of the Second Session of UNCTAD, which was held in New Delhi from 1 February to 29 March 1968.¹

The First Development Decade is far from fulfilling its main objectives. It has been a Development Decade without a development policy. This cannot be repeated in the Second Development Decade without very serious consequences. The Second Conference on Trade and Development could have contributed to the formulation of this development policy by approving a series of concrete measures to accelerate the rate of economic and social growth of developing countries and by inserting these measures into the basic framework of a broad strategy for development, as envisaged by the General Assembly. This great objective was not achieved. The Second Conference was able to obtain only very limited positive results which are not commensurate with the dimensions and urgency of the development problem.

Undoubtedly, international political difficulties and monetary and financial complications had an adverse influence on this unsatisfactory result, but it would be misleading to attribute to these factors the main responsibility. Even recognizing their importance, Governments of developed countries could have gone much beyond these limited results in meeting the legitimate aspirations of developing countries. The fundamental explanation is not due to prevailing circumstances. Since the First Conference, a great intellectual advance has been achieved in the understanding of development problems, but this has not been followed by the recognition of the need for vigorous action. When, a few years ago, circumstances were favourable, no significant trade measures in favour of developing countries were taken, and the international transfer of financial resources diminished in relation to the gross national product of developed countries. It seems that prosperity, in people as well as in nations, tends to form an

attitude of detachment if not indifference to the well-being of others. However, it is comforting to see a growing sense of moral solidarity with developing countries in some sectors of developed countries and a far-sighted view of the serious economic and political consequences of letting the third world continue to drift.

Be it as it may, developed countries, with a few exceptions, continue to consider the development problem as a residual one which can be tackled here and there with a few and insufficient measures instead of bold and resolute action. A great effort to persuade public opinion and thus create political will must be made in order to avoid a Second Development Decade of even deeper frustration than the first one. This is a matter of the highest priority.

This is the real background to UNCTAD II. In assessing the results of the Conference, these fundamental factors have much more importance than the episodic ones, and we should avoid the temptation to attribute these results to the cumbersome and unwieldy machinery of the Conference, the number of subjects on its agenda and the group system. The shortcomings of the machinery have prolonged and complicated unnecessarily the debates and the negotiation process, but had there been enough political will, these shortcomings would not have placed serious obstacles in the way of constructive achievements.

In order to present a condensed view of the results of the Conference, these can be divided into four broad categories:

- (1) Limited and incomplete results concerning the fundamental problems of preferences and finance;
- (2) Some positive results in the spheres of trade expansion among developing countries, trade with socialist countries, shipping, policy in relation to least-developed and land-locked countries, and the food problem;
- (3) Virtually no results in access to markets; and,
- (4) No contribution to the formulation of a global strategy for development.

The matter of preferences must be seen in its proper perspective. Four years ago the request of

¹ The minimum of editorial change has been made to accord with presentational practice in the *Bulletin*. The important statement by the Secretary-General of UNCTAD is a key one, and its content has been entirely preserved.

developing countries for a system of general non-reciprocal and non-discriminatory preferences for their exports of manufactured and semi-manufactured goods was not accepted by the Conference. A few developed countries were in favour of it, others advocated a selective system as to both countries and goods, and the United States and some other developed countries were against the whole idea. At the Second Conference, developed countries fully accepted this idea, which was embodied in the OECD document presented to the Conference two months in advance. For the United States and other countries, this means a fundamental change in traditional trade policy. For the developing countries, it means the acceptance in principle by the developed world of an objective of paramount importance to them.

However, developed countries were not willing to negotiate with developing countries the main elements of the preferential system, as was hoped. Important connected matters were thus left unresolved, in particular the question of the inclusion of processed agricultural products and questions relating to the special preferential systems at present in force between some developed and developing countries. Progress had been made in discussions among developing countries on this question, but it was not sufficient to lead to a Conference decision which had the support of the developed countries concerned, in particular in relation to reverse preferences, namely, those enjoyed by some developed countries in the markets of some developing countries. The continued existence of such preferences is, of course, incompatible with the principle of non-reciprocity established by UNCTAD I. Progress towards a solution to this problem would greatly facilitate the implementation of a general system of preferences benefiting all developing countries. It is not necessary to underline the political importance of this aspect in addition to its economic significance.

The Conference decided to form a special committee for continuing the task of working out a scheme of preferences, with a view to reaching a definitive solution at the Trade and Development Board in 1969.

In relation to the transfer of financial resources to developing countries, the Conference took a step which may prove to be very significant. Indeed, developed countries have recognized that the one per cent assistance target should be calculated on the basis of gross national product rather than net national income. Thus, the developed countries have agreed to a higher assistance target, involving a potential increase of some 25 per cent in the amount of resources to be transferred, over and above the level that would be implied in a target based on net national income. In addition, a number of developed countries have accepted a target year for the attainment of this objective. It is to be hoped that the other developed countries will also feel able to agree to a target year in the near future, since

without this the target itself would be of uncertain significance. Socialist countries of Eastern Europe have refrained from accepting the 1 per cent target on the grounds that they are not historically responsible for the conditions prevailing in developing countries, though they stated that they will continue rendering economic and technical assistance to developing countries.

Some progress was made towards improving the terms and conditions of assistance. The Conference recognized the need to raise the norms set out in the present target for terms and conditions, by increasing the amount of aid given in the form of grants, or by improving interest rates, maturities or grace periods, or by increasing the grant element of the official aid commitments of donor countries. It was also accepted that improved arrangements are required to forecast and forestall debt crises. The Conference urged developed countries to take what practical measures they can to reduce the extent of aid-tying and specified practical steps to mitigate the harmful effects of tying.

With regard to supplementary financing, the results, without being negative, are disappointing. The World Bank staff, on the request of the First Conference, presented for discussion a scheme to deal with unexpected export shortfalls of developing countries. This scheme was thoroughly debated for nearly two years at a highly competent technical level. Therefore, it was quite legitimate to hope that the Conference would approve in principle a mechanism for supplementary financing as well as the main policy guide-lines. That some Governments may have considered the moment as unfavourable to allocate the necessary resources for the operation of this mechanism should not have interfered with its acceptance in principle. Indeed, this acceptance would in any case have had to be followed by further discussion of technical details, and the drafting, approval and ratification of an agreement. Thus, it would not have been necessary for Governments to allocate funds for this purpose before 1970.

Notwithstanding these considerations, the Conference did not fulfil the expectations of developing countries. It recognized, however, the need to provide long-term financial assistance "to protect a country's development plan or programme against the effects of export shortfalls." What is now needed is the general acceptance of a scheme for the provision of such assistance so that developing countries will have some assurance that their development plans will not be disrupted by export shortfalls beyond their control. The idea of a development plan has been accepted as basic in this scheme, and this means the implicit recognition of the role of export projections in supplementary finance (a matter long discussed), since export projections are an essential element in the development plans of developing countries.

As in the case of preferences, the Conference decided that discussions should continue. The Inter-

governmental Group which has been dealing with this matter is to be reconstituted and enlarged and is to report to the Board no later than at its Ninth Session.

In relation to the pre-financing of buffer stocks, no results were achieved. The request of developing countries that Governments of developed countries or international financial institutions provide resources for that purpose was not accepted. Likewise, no acceptance was accorded a compromise formula, under which, in the study requested recently at the Rio meeting from the Fund and the Bank on commodity stabilization, these institutions would examine the possibility of mobilizing their own resources for the pre-financing of buffer stocks.

Thus, the results of the Conference in relation to preferences, financial transfers and supplementary financing are much less than what could have been expected notwithstanding prevailing circumstances. However, incomplete as they are, they do represent moral commitments of an irreversible character. A great effort should be deployed within the permanent machinery of UNCTAD to achieve positive concrete results. The significance of the Board meeting in 1969 should be underlined in this connexion.

The resolution of the Conference on trade expansion and economic integration among developing countries opens considerable possibilities for practical action. Developing countries have expressed their determination to take measures to promote vigorously trade and regional integration among themselves, and, in the eventuality that concrete schemes are worked out by developing countries, the developed countries have committed their assistance to the fulfilment of this objective. However, both groups of countries were less specific than would have been desirable. Work on various unresolved problems arising in this field has to continue in a subsidiary body of the Board, in close co-operation with the regional bodies.

The Conference has made a significant contribution with respect to trade with socialist countries. The interrelationship of East-West trade and the trade of socialist countries with developing countries has been fully recognized in the context of world trade, and the permanent machinery of UNCTAD has been entrusted with operative functions in the promotion of trade between socialist and developing countries. Furthermore, it has been recommended to convene a meeting of experts to deal with the problem of multilateral payments between socialist and developing countries. However, the hope that socialist countries would establish quantitative targets for their imports of commodities and of manufactures and semi-manufactures from developing countries was not fulfilled.

Resolutions on shipping constitute a good example of the influence of time, effort and research in the advancement towards proposals for action. Proposals which had met great obstacles some time

ago were the subject of satisfactory resolutions, which were unanimously adopted. The most important of these refer to freight rates, merchant marines of developing countries and consultative machinery. Only the resolution on maritime legislation was approved by majority instead of unanimous vote.

The Conference, although unable to deal adequately with the problems of the least-developed countries, because of lack of time, nevertheless agreed that special attention to these needs should be given in any measures designed to benefit developing countries as a whole. Also, the land-locked countries achieved recognition that their particular problems required special attention and should be considered as a factor in determining which are the least-developed countries.

The Conference agreed, with only one dissenting vote, on a declaration calling upon developing countries to take a series of policy measures to improve food production and distribution, promote agro-industries, and cope with the food problems created by the dynamics of population. Developed countries were urged to strengthen their aid programmes, including interim food aid, in support of these objectives and to take measures providing more favourable conditions of access for countries exporting primary products. The international institutions concerned were asked to intensify their co-operation and to co-ordinate their approach to the world food problem.

UNCTAD II achieved no substantive results on access to markets, other than a general statement of principle, in the context of the declaration on the world food problem, that countries exporting primary products should, "to the extent practicable," be permitted to participate in the growth of the markets of industrial nations. In the First Conference, developing countries had obtained a similar compromise resolution, but with such reservations that in practice nothing was achieved. In the light of this experience, they recommended measures to the Second Conference which would have given their exports of commodities a share in the increment of consumption of developed countries. It proved impossible to attain this objective or agreement to the very modest request that the possibilities for specific action on this matter of access be at least examined (including action on non-tariff barriers to exports of manufactures and semi-manufactures of developing countries).

The United Nations General Assembly expected UNCTAD II to contribute to the formulation of a strategy for development, with the Second Development Decade in mind. The secretariat, following the lines of the report presented by the Secretary-General of UNCTAD to the Conference, was prepared to advance suggestions on this matter, but it refrained from doing so until it would become clear whether fundamental positive results would emerge.

They did not. A global strategy without concrete measures would have been another document of pious declarations without any practical consequences. However, this is a matter of decisive importance, and it is to be hoped that the permanent machinery of UNCTAD will respond in adequate time to the aims of the General Assembly.

The forces opposing these aims should not be underestimated. A global strategy of development has to be comprehensive, embracing both the main aspects of a very complex process and the measures to be taken jointly by developed and developing countries, but there is considerable resistance in both developed and developing countries to the adoption of these measures in their totality. In trade, converging measures should be taken by both groups of countries in a concerted fashion. It is not enough that developed countries give ample access to exports from developing countries, or that the latter expand trade among themselves in order to overcome the persistent tendency to external disequilibrium interfering with the acceleration of their rate of growth. The combination of both measures is indispensable.

The same applies in relation to finance. Developed countries should increase the volume of financial resources to be transferred, improve the terms, and be willing, in principle, to commit these resources for the fulfilment of a development plan. This encounters great resistance. On the other hand, developing countries, in order to make proper use of the resources transferred to them and to intensify the mobilization of their own resources so as to promote their own growth, generally must introduce deep reforms in their economic and social structures, modify their attitudes and policies and follow the reasonable discipline of a sound development plan. This also faces great opposition, in this case within the developing countries themselves.

No wonder that the idea of a global strategy, notwithstanding its apparent attractiveness, faces strong obstacles, which must be overcome before it can gain full acceptance. Be that as it may, there is no other way of tackling the common problem of development than by joint, systematic and co-ordinated action within the framework of a well-defined long-term strategy.

It was said at the beginning of this report that the machinery of UNCTAD has again proved cumbersome and unwieldy. All this can and should be corrected. The first requirement for doing so is to formulate a frank criticism of its deficiencies in the light of recent experience. This criticism concerns the machinery of UNCTAD as such and its functions, as well as the group system underlying it.

The machinery is heavy mainly because of the great number of members and the multiplicity of deliberative meetings. UNCTAD has 133 members, and this has influenced the membership of the Board, which numbers 55, and of different committees, numbering 45 and 55. The Conference involved

running simultaneously a plenary session and eight committees, together with about 100 contact and geographical groups, and required over 975 meetings during a period of eight weeks. This reflects in a very accentuated way inheritance from a parent organization essentially geared to deliberation and not to the negotiation of agreements on concrete economic and trade problems.

The initial effort at the beginning of this organization to limit the membership of the Board and of the committees to a more manageable number failed. More serious, the idea presented long before the Second Conference to limit the membership of working parties in order to facilitate the process of negotiation also failed. The results of this were clearly seen during the Second Conference. Another unsuccessful attempt, also made before the Conference, was to limit the number of items on its agenda. As could be expected, it proved to be practically impossible to deal with all of them seriously and in an orderly fashion and to negotiate effectively on so many items as those on the agenda of UNCTAD II. The attempt to concentrate activities on a manageable list of "points of crystallization", as they emerged from the Fifth Session of the Board, also failed.

The permanent machinery should have been used to facilitate the work of the Conference and make it more effective. In the light of this experience, the decision of the Conference to use the permanent machinery to complete what has not been fully accomplished is to be welcomed. From a more general point of view, a balance has to be found between the role of the permanent machinery and that of the Conference, keeping in mind that after debating matters, it is indispensable to negotiate measures for practical action. In addition to the responsibilities it must continue to discharge in the field of commodities, a clearer recognition by all Governments that UNCTAD is a consultative and negotiating body in other fields of its competence is also required.

Last but not least, there was a regrettable dissipation of energies in repetitious debates. The general debate in the plenary session is very useful as a presentation of the views and aspirations of Governments, but its repetition in the subsidiary organs (committees and working parties) means a considerable waste of time and resources. This is what happened at the Conference, notwithstanding insistent warnings at the Fifth Session of the Board. In addition, this had the regrettable result of lowering the quality of debate on the substance of the matters under consideration.

Therefore, a serious effort should be made to improve the machinery of UNCTAD in order to make it more effective and conducive to practical results. The Seventh Session of the Board has been requested by the Conference to consider two draft resolutions, one introduced jointly by Chile and

India and the other by Sweden, dealing with this matter. The secretariat is seeking the views of all member Governments for presentation to the Board and will also present some suggestions.

The group system has proved to be very useful and has great potentialities. As concerns the developing countries, the "Group of 77" has been an effective instrument for finding common denominators and in formulating well-defined objectives for joint action. This is also true of other groups. However, the group system has also demonstrated shortcomings, and these were accentuated at the last Conference, seriously jeopardizing its efficient functioning and unduly extending its duration. Take, first of all, the attempt to strengthen group solidarity by unanimous group decisions. The result was obvious: the group of developed countries tended to agree, in response to the requests of the developing countries, on the lowest common denominator. The dynamic drive of some delegations of developed countries to meet certain aspirations of developing countries was thus lost. As for the group of developing countries, frequently it had to agree to the maximum demands of some of its members. In these attempts to arrive at full unanimity, it was enough that one or a few countries inside the group had a dissenting attitude to delay unduly or even paralyze not only the decisions of the group but also the progress of the whole Conference. Another shortcoming concerns the ability to negotiate. In addition to the large membership of negotiating bodies, group discipline often may have prevented useful inter-

group communications among delegates whose experience and knowledge could have facilitated in proper time the search for compromise agreements. If the machinery of UNCTAD is to become effective, a serious effort has to be made to correct these shortcomings.

However, it is not only a matter of organization and functioning, but also of conviction as to the need for unity in this long and difficult struggle of the developing countries. This conviction has proved again to be strong, but this sense of unity may be seriously jeopardized by the structural weaknesses of the negotiating system of the developing countries. Yet, even though this factor may have been detrimental to the negotiations, it would be a mistake to consider that it had a decisive influence on the results of the Conference. In fundamental matters such as preferences, financing, both basic and supplementary, and access to markets, it appears that, with some exceptions, the position of developed countries in general was previously determined in a rather rigid fashion, and it is hard to imagine that substantially different results would have been attained, without a reasonable degree of flexibility having been introduced into these previously determined rigid positions.

These are frank views in relation to the Second Conference. They are intended to be constructive, in order to promote the effectiveness of this new machinery. For it to be fully effective, however, some measure of internal reorganization of the secretariat must also be envisaged, taking into account the first four years of experience.

Chapter 2

ECONOMIC CO-OPERATION IN AFRICA

The developing African region at the end of 1967 was divided into 38 independent States and a number of non-self-governing territories. Half the countries of the region had an annual income of less than \$400 million. This estimate includes subsistence production. In relation to the scales of production required for the efficient operation of many branches of modern economic activity, the markets offered by most African countries are therefore very small. Moreover, the volume of intra-African trade is small and increasing little in relation to the trade of the region with the rest of the world.

Through their regional bodies, in particular the Economic Commission for Africa and the Organization of African Unity, African countries have repeatedly expressed their determination to take measures aimed at overcoming, or at least mitigating, the adverse economic effects of this fragmentation of the continent. By now, the logic of a multinational approach to certain aspects of economic development in Africa is generally accepted among the politicians and officials of the region.

No re-grouping of African States has so far been accomplished with the aim consciously to integrate a number of national economies and to seek their development jointly. However, various attempts at more limited forms of economic co-operation have been made, some of which have been formally embodied in solemn treaties between African States or have taken firm root through other types of institutional arrangements. Broadly speaking, three methods of approach towards co-operation may be discerned, with some African States participating in more than one form.

At the lowest level, there has been co-operation in setting up multinational enterprises and institutions. Some of these, like airlines and research institutes, do not involve any co-ordination of economic policies or lead to much further extension of economic contacts between the countries concerned. Others, such as the multinational central banks in West and Central Africa, have the closest bearing on the domestic and foreign trade policies of the individual member countries but are not themselves designed to be instruments for furthering economic co-operation or integration among the member countries.

The second type of arrangement has involved the establishment or re-establishment of areas of

free trade and customs unions, in which the member countries grant each others' products preferential tariff treatment but have no elaborate machinery for planning jointly the development of the requisite productive capacity or of other sectors of their economies. The West African Customs and Economic Union and the East African Common Market under the Kampala Treaty belong essentially to this category. But the latter is accompanied by such a wide range of common services and financial arrangements as to go substantially beyond a simple customs union in its economic implications.

The third type of system for economic co-operation which has been tried in the region has concerned itself primarily with the development of selected areas of economic activity through concerted planning and implementation of agreed programmes. In the case of the Maghreb countries, the element of trade liberalization is now being progressively added to a process which was initially concentrated on joint selective planning and development. In the Economic and Customs Union of Central Africa, an essentially free trading arrangement is being increasingly complemented by joint development planning and harmonization of policies.

Some of the most important successes in establishing arrangements for economic co-operation in the recent past have consisted in the reconstruction of co-operation or harmonization which was inherited from the colonial period. Thus, the East African Common Market has been rebuilt under the Kampala Treaty to meet the fact that Kenya, Tanzania, and Uganda are independent States, rather than colonies whose trade and economic policies are determined by a common metropolitan power. The common markets which France built up in her colonies in West and Central Africa have been given new institutional forms and a redefined content.

Some of the colonial era arrangements have yet to be reconstructed. A number might be considered permanent casualties of history, such as the Common Market under the former Federation of Rhodesia and Nyasaland and the common currency in the sterling area countries in both East and West Africa. In East Africa, payments arrangements of almost equivalent effect have been instituted between the successor currencies, but in West Africa they have not been. The consequences in terms of econo-

mic relations among the countries concerned are now very different.

In its contemporary form the idea of inter-African co-operation was most clearly worked out in an all-African context, in particular at various meetings held under the ECA. The political leaders also adopted the concept in that form, culminating in its incorporation into the basic principles of the OAU. By 1964, discussions were being organized to consider the formation of an African payments union as a prelude to the establishment of an African Common Market. It became apparent, however, that a sub-regional scale of action would be required in the initial stage, because of the weak technical apparatus available to both the national governments and the international organizations in Africa, the vast distances, the varying degrees of economic contact inside the region, the diversity of economic relations with countries outside the region, and related factors.

Therefore, since 1964 the ECA, in co-operation with the OAU, has adopted the sub-regional approach as a pragmatic solution to these problems. Its efforts to foster economic co-operation are based on a consideration of the African States by four sub-regions. Six countries are considered together as the North African Sub-region, 14 constitute the West African Sub-region, eight make up the Central African Sub-region, and 12 are included in the East African Sub-region. These sub-regions are considered large enough to be economically viable and are meant to form the framework for integrated economic development. Certain countries which have important economic interests in two sub-regions participate in the activities of both. In general, the boundaries between the sub-regions are not intended to become rigid barriers to economic contact between countries of different sub-regions, and the present sub-regional arrangements must be suitable for future incorporation into an all-African system of economic co-operation.

In all sub-regions there exists some form of ongoing inter-state organization which provides a nucleus for grouping together a larger number of states into a more viable economic unit. The four Maghreb countries extend their contacts to the United Arab Republic and Sudan. The seven members of the Customs Union of West Africa (UDEAO) have to forge new links in trade and general economic development policy with the other seven countries of West Africa. The five franc-zone countries which comprised the Customs and Economic Union of Central Africa (UDEAC) until early 1968 were to find means by which to co-operate with Congo (Kinshasa) and with Rwanda and Burundi in a stronger and more mutually profitable economic entity. In fact, Chad and the Central African Republic formed a new union with Congo (Kinshasa) in the first part of 1968 in the belief that such a union would better serve their countries from an economic standpoint. The three members of the East African Common Market, as reconstituted under the Kampala Treaty,

are already considering the gradations of economic relationships that can be developed between them and the other countries of the sub-region.

In the forthcoming period, the problem of economic co-operation in the African region will thus be approached through these groupings. Within each sub-region the programme proposed by the ECA and increasingly accepted by the member States is meant to proceed on two levels. First, the principle of economic co-operation must be translated into intergovernmental institutions in which the Governments can initiate collective policies and projects and generally build up stable relations in the economic field. Of great importance among the institutions proposed is the creation of a civil service of international officials, who can and will advise on and promote joint undertakings on behalf of the group as a whole. Second, and simultaneously, a number of concrete multinational projects should be agreed upon and means found for implementing them.

So far, the progress made by the four sub-regional groups has been rather uneven. Until now, none has developed a strong technical arm to work out policies and projects. A number of opportunities for enlarging the scope of economic co-operation in each sub-region have been identified, mostly through preliminary studies carried out by the ECA, but the gap between these pre-feasibility studies and the formulation of properly documented, bankable projects has yet to be bridged. It is for this essential task that sub-regional technical and civil service bodies and massive technical assistance are most urgently required. A summary of the progress in establishing the institutions and processes of economic co-operation in the various sub-regions is now presented.

Economic co-operation in the East African Sub-region was set in motion when the ECA convened a sub-regional meeting on economic co-operation in Lusaka in October-November 1965. This meeting recommended to the Governments the creation of an Economic Community of Eastern Africa. In May 1966 a meeting of the Interim Council of Ministers representing most of the countries of the sub-region signed the Terms of Association for the Economic Community of Eastern Africa. Ten countries, Burundi, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Somalia, Tanzania, and Zambia, signed or initialled the Terms of Association which constitute transitional arrangements for the group until a more elaborate Treaty can be signed. Uganda, Botswana, Lesotho, and Swaziland have yet to sign these Articles. The latter countries have shown an interest in diversifying their economic contacts in the direction of neighbouring African countries.

A meeting in October-November 1967 of the principal group of technical representatives, the Interim Economic Committee, which comprises senior officials of the member States of the Community, prepared the way for a number of important and clear-cut decisions to be reached on the harmoniz-

ation of the policies of the members of the Community in various fields. Their recommendations included practical methods whereby all trade barriers within the Eastern African Economic Community should be progressively eliminated, to be paralleled by negotiations aimed at achieving the establishment of a full customs union. It recommended that a first trade negotiation conference for the sub-region take place in the second half of 1968. Meanwhile Kenya, Uganda, and Tanzania have started implementing the new Treaty for East African Co-operation, which came into effect from 1 December 1967. Under it, the existing Common Market is substantially preserved as are the former Common Services, while new political and financial arrangements have been introduced. Other countries of the sub-region, in particular Ethiopia, Somalia, and Zambia, have expressed an interest in being associated with this co-operative effort.

A meeting on economic co-operation in the Central African Sub-region was held in April 1966, and it was recommended there that the Heads of States and Governments of the sub-region set up a ministerial committee to consider institutional arrangements for economic co-operation. No firm time-table for the achievement of this goal was laid down. Although useful work has been carried out, the sub-region has been marking time on the major issues in sub-regional development and economic co-operation. On the other hand, there already existed the Customs and Economic Union of Central Africa (UDEAC), comprising five of the countries of the sub-region and having its own permanent institutions for joint policy-making, including an authority at the Heads of State level, a common central bank and currency, and a number of common services, especially in the field of transport. There were fiscal arrangements designed to effect a more equitable redistribution of the benefits from the customs union. Later, there were attempts at a more positive approach to industrial planning and location, leading to some success in textiles and vegetable oils industries. As mentioned earlier, two of these five countries announced their departure from UDEAC and the formation of a new economic union with Congo (Kinshasa) in early 1968.

In the West African Sub-region, Articles of Association establishing an Interim Council of Ministers were signed at a meeting in April-May 1967. These Articles constitute an international treaty binding upon its signatories and deposited with the Secretary-General of the United Nations. The intention to bring into being a permanent community is declared at the very outset of the Articles, which, however, do not themselves create such a community. This latter is the principal task of the Interim Council of Ministers and of a provisional secretariat which was also set up.

The first meeting of the Interim Council of Ministers, composed of representatives of Dahomey, Gambia, Ghana, Ivory Coast, Liberia, Mali, Mauri-

tania, Niger, Nigeria, Senegal, Sierra Leone, Togo, and Upper Volta, was held in November 1967. It decided that the ultimate aim of the Community should be to try to develop co-operation between the member States in all fields. It set up arrangements for further study to secure a more thorough appreciation of all the concrete measures necessary to achieve economic integration in West Africa. Besides these economic studies, the provisional secretariat is to prepare a new draft of the Treaty of the Economic Community of West Africa. The studies and the draft treaty will be first considered at technical meetings during the year and then will be taken up by the Interim Council of Ministers, which is to meet not later than November 1968. Meanwhile, on the initiative of the four Heads of State working together on the development of the Senegal River basin, a West African Summit meeting was called for mid-1968 to put the seal of approval on economic co-operation in the sub-region and to specify its principal directions.

The West African Customs Union (UDEAO) embraces seven countries of the sub-region. By parallel national legislation the Union has now been reconstructed on the general principle of mutual tariff preferences, though this is applied in different ways by the various countries. The adoption of a common external tariff is the next assignment which the member States have set themselves. A common central bank and currency also exist for the franc-zone countries of West Africa. Mali, which had previously left these institutions, is now negotiating to return to them. Trade among a number of West African countries is covered by various trade and transit agreements.

Three sub-regional meetings have been held in the North African Sub-region. The ECA secretariat has provided a series of pre-feasibility studies in the fields of agriculture and industry, while further studies on maritime transport and tourism are being carried out as a means to extend economic co-operation in the sub-region. This sub-region already has an extensive complex of industrial capacity, especially in the UAR. The adaptation and utilization of this capacity to meet sub-regional needs is the immediate issue to which the North African group must address itself. In addition, the ECA is conducting studies into a pattern of further industrial development over a perspective period designed to complement the existing facilities in meeting the expected future sub-regional demand for industrial products. As an essential part of the programme, studies are now to be commenced on the possibility of progressive elimination of trade barriers between members of the sub-region.

Meanwhile, since 1964 the four Maghreb countries have built up consultative and advisory machinery to enlarge the scope of their economic co-operation. The work of the Ministerial Council and its various committees now covers most branches of large-scale industry, transport, energy, and trade.

The latest project is to study the creation of a Maghreb development bank, which will support the realization of many multinational projects being suggested by the preparatory work of the group.

Partly as a result of activities of the ECA in the field of sub-regional economic co-operation during the past two years, the potential scope for economic development in Africa has widened considerably, especially in transport and industry. Many projects once regarded as non-viable in an individual national context have been shown to be commercially and technically feasible within a multinational framework. This is especially true of the most technologically advanced and strategic industries, such as those producing intermediate and capital goods, for which Africa is at present almost completely dependent upon non-African sources of supply. Corresponding changes are emerging in the aid policies of some major donor countries and of the multilateral financial institutions. Greater emphasis is now being placed on the identification and financing of multinational projects. The further programme for the development of economic co-operation in Africa must therefore be directed toward projects for which this potentially available financing can be made available.

Before this can happen, however, certain conditions must be fulfilled which require, in particular, initiatives and commitments on the part of the African countries. First, they must build their inter-governmental institutions so that these can act authentically in the name of Governments, especially in mobilizing external assistance. Toward this end, the members of the sub-regional groups must accept the material responsibility for the maintenance of these institutions. Assistance from multilateral and other donor sources can only be supplementary to provision by the countries themselves. The necessary commitments of all or a part of national markets for stated products must be clearly made by the Governments, so that multinational projects can demonstrate a likely profitability to potential investors. Finally, assigned national actions, which together make up a programme of multinational development, must be reflected in the planning and policies of the co-operating Governments.

More specifically, it is suggested that African countries concentrate in the period ahead on three principal tasks:

- 1) They should set up or strengthen institutions in which they can frequently and on a working level discuss and take decisions on collective policies and projects, in the same way that national policies are made in cabinets and committees.

- 2) They should create a multinational civil service which will advise them and promote their joint undertakings. This is particularly important, because each participating Government is constantly being advised on the basis of national interest by its own civil servants and there is need for a strong and

neutral focus for the multinational approach. The common interest of a group of countries is always in danger of default from the pressures of national policy, which occupy the national authorities.

- 3) They should agree on and find the material means for implementing concrete development projects which increase economic contracts between them and enhance joint prosperity.

Many issues of international policy in trade and finance discussed within the framework of UNCTAD affect the progress of the African countries towards increased co-operation. The most urgent of these issues would appear to be:

1) Most-favoured-nation treatment

Most African countries have acceded to GATT and have undertaken the obligation to grant most-favoured-nation treatment to other members of GATT. In addition, a number of African countries through their contractual relations with some developed countries are obliged to grant them preferential tariff treatment in comparison with all their other trading partners. The internationally recognized conditions for obtaining waivers from these obligations are limited to those situations where the African countries concerned would proceed to establish comprehensive free trade areas or common markets with neighbouring countries. Both the existing and the projected economic groupings in Africa are working towards the establishment of such comprehensive arrangements for trade liberalization. At these initial stages, however, wherever the African countries are trying to forge new trading links, there seems to be a general preference to proceed on a more selective basis. It is therefore required that international practice be stretched so as to enable African countries to give to each other tariff preferences on a selective basis as compared with other members of the international trading community.

The import structures of most African countries are dominated by a small number of staple consumer goods and intermediate products, such as meat and fish, textiles, cement, and petroleum. It is precisely towards such products that the action of selective trade liberalization tends to be directed, since national programmes of import substitution and the possession of particular natural resources have already tended to create the capacity in the region to supply each others' requirements of such staple items. This means that selective trade liberalization, even though not formally covering the majority of items on the standard import list, would nevertheless tend to touch the major portion of the import trade from the point of view of money value. It is therefore to be expected that the existing suppliers of these goods, located mainly in Western Europe and Japan, will throw their weight behind the preservation of their rights under GATT and the various special agreements. Given the relations between the African countries and some of these more advanced countries in other fields, such as aid, it is

clear that these latter countries possess sufficient economic and political leverage to safeguard their trading interests if they so decide. Therefore, the question for international trade policy is whether, and under what conditions, these wealthier countries will agree to forgo some of these rights.

2) Planning multinational programmes and projects

As indicated previously, the absence of technical machinery for drawing up and promoting a sufficient volume of programmes and projects for multinational co-operation is increasingly showing itself to be one of the most serious obstacles to increased co-operation among the African countries. The situation has been reached in some cases where the potentially available financial assistance for multinational projects far exceeds the availability of such projects in a form suitable for financing. Both the regular civil service resources and the special advisory-consultative services required for planning national development programmes and projects are also required at the multinational level if economic co-operation is to progress beyond the stage of general agreements to that of concrete achievements.

The agreement of the donor countries and international institutions to devote an increased portion of already available technical assistance resources towards the relatively new field of multinational development is also necessary. Advice and aid are needed so that more African countries can establish efficient industrial projects, the products of which can be sold to each other; develop new lines of agricultural production for neighbouring markets; construct the necessary transportation and com-

mercial facilities along which these products can be moved; and conclude feasible trading arrangements with each other. A number of existing models point the way. For example, the pre-investment unit set up in the African Development Bank with the assistance of the United Nations Development Programme opens up the possibility for the effective planning of multinational projects. Before the various sub-regional groups can approach banks and other sources of financing for their joint projects, similar work at a comparable level of technical proficiency must also be done by sub-regional institutions.

3) Co-ordination of external financing

The availability of external financing frequently determines whether and where various industrial, agricultural, and transport development will occur. At present, the lack of co-ordination among donor countries in the application of such external financing is tending to create serious difficulties for the success of economic co-operation. It is possible to point to some grave economic errors already, the costs of which will have to be borne by various African countries for some time to come. Co-ordination among donor countries can degenerate into forms of cartel and other undesirable pressures. It is proposed in Chapter 7 that new machinery for discussing the use and encouraging the flow of external financial assistance into the African region might be set up to include both donor and recipient countries. Such machinery on a regional or sub-regional scale would provide an opportunity for the co-ordination of policies so that external financing would yield maximum benefit in terms of its contribution to the development of the African region.

Chapter 3

AFRICAN TRADE: TRENDS AND PROBLEMS

The total value f.o.b. of the external trade of Africa¹ grew from \$11.5 billion to \$16.6 billion from 1960 to 1966. In 1965 this represented approximately 47 per cent of the gross output of the region, illustrating the heavy involvement in and dependence on world trade of Africa. These totals were made up of \$5.2 billion of exports and \$6.3 billion of imports in 1960, and \$8.3 billion of exports and \$8.3 billion of imports in 1966. Thus, exports grew significantly more than imports during this period.

On the whole, the over-all growth of African exports during 1960-1966 was satisfactory compared with most other regions. Total world exports increased in that period at an average annual compound rate of 8.1 per cent, and total exports of developed market economies, European centrally planned economies, and developing countries at 8.7 per cent, 8.2 per cent, and 6.0 per cent, respectively. African exports grew at a rate of 8.0 per cent, which was considerably higher than the rates in the other developing regions, 6.0 per cent for developing Asia and 5.2 per cent for Latin America. It was also higher than the rate in many developed areas, e.g., EFTA, 7.2 per cent; the United States and Australia and New Zealand, 6.6 per cent; the United Kingdom, 5.6 per cent; and the Republic of South Africa, 5.3 per cent; only some individual European centrally planned and market economies, Japan, and certain developing countries registered a higher rate of growth in their exports than was the case for the African continent.

However, more detailed analysis throws a somewhat less optimistic light on the trend in African exports. In fact, it would appear that over the past few years there were some unusually favourable factors affecting its over-all export performance and that to sustain the 8 per cent rate of growth in the future would be a formidable undertaking. It may also be noted that the export performance of a large number of individual African countries was significantly below the over-all average level.

Two major changes occurred during 1960-1966 as regards the structure of exports and their destination. First, Africa had by 1966 won a significant share of the booming world trade in fuels. Exports

of petroleum and petroleum products increased from around \$200 million to \$1,600 million, making this the largest and fastest-growing single commodity earner of foreign exchange for Africa. Second, the African region had found in the centrally planned economies a substantial trading partner, exports having risen to more than \$550 million by 1966. Through long-term and medium-term credits, African imports from these countries consistently exceeded exports during the period, and by 1966 the deficit amounted to about \$120 million, or more than 20 per cent of earnings for the region on its exports to the centrally planned economies.

Despite positive developments, African trade during 1960-1966 continued to exhibit several unfavourable long-standing characteristics. First, primary commodities still accounted for about 80 per cent of exports for the region and continued to show substantial yearly fluctuations, with familiar repercussions on the stability and the pace of development of individual African economies. At the same time, there was a decline in the share of the region in world trade in those raw materials and food items traditionally produced and exported by African countries. The surge in fuel exports helped the region to achieve a noticeable increase in its share of world trade in primary commodities as a whole. However, since the African countries exporting food and raw materials are by and large different from those exporting mineral fuels, the slow growth of exports of food and raw materials has seriously affected a number of African countries, which, moreover, are not in a position to diversify significantly the structure of their economies in the immediate future. Finally, the share of African exports in world trade in manufactures continued to be very small, 1.3 per cent in 1965, and the rate of expansion in these products was much below that of the developed countries or even of the other developing regions.

Since the economic structure of the region makes it necessary for African countries to depend upon external sources of supply for many of the products needed for development as well as to sustain current economic activities, the rate of growth of imports during this period, around 4.5 per cent in value terms and less than 3 per cent *per annum* in quantities, reflected and partly determined a generally sluggish pace of economic development, estimated at an annual compound rate of about 3.7 per cent, even

¹ In all cases, the term "Africa" or "African" refers to the continent and its associated islands, with the exclusion of the Republic of South Africa, unless otherwise noted.

though it contributed to an improvement in the balance of African trade. Moreover, the demands of debt service liabilities of African countries on available foreign exchange increased very rapidly during this period, while the inflow of external capital assistance showed little tendency to rise. There were a few countries whose imports did not go up in line with the increase in export earnings, and foreign exchange reserves rose, because of the transitional inability to absorb more imports, especially investment goods. This situation was evident in some mineral and petroleum exporting countries, whose exports took a sudden upward turn, but as a rule it was the inability to expand export earnings which compelled many African countries to hold down imports.

It is clear that exports have a direct impact on gross product in African countries and certain indirect effects on the general growth of their economies through linkages with other sectors, although the indirect effects are very difficult to quantify. An adequate volume of imports is equally essential for economic growth. While the degree of foreign trade dependence is often measured simply by the contribution of exports to GNP and by the ratio of imports to GNP, this approach does not cover the qualitative aspects. For example, imported goods can be of crucial significance for economic growth in countries where the percentage share of imports in GNP is relatively small, and of secondary significance in economies importing relatively more in proportion to the GNP or on a *per capita* basis. Thus, while certain countries emphasize the importation of large quantities of investment goods for accelerated economic growth, others spend quite a high proportion of foreign exchange earnings on consumer goods of a non-essential character.

Table 1. Changes in GDP,^a exports, and imports of Africa, 1960 — 1966 (per cent)

Period	GDP change	Export value change	Import value change
1960 — 1961	1.4	1.7	1.9
1961 — 1962	2.8	4.1	— 3.5
1962 — 1963	4.7	12.3	7.8
1963 — 1964	5.8	16.9	11.3
1964 — 1965	3.1	6.7	10.3
1965 — 1966	2.3	7.2	1.2

Source: UN, *Monthly Bulletin of Statistics*, July 1967; ECA secretariat.

^a GDP at constant 1960 prices.

By Table 2, it is seen that in 1965 the share of exports in GNP exceeded 75 per cent in Zambia and Libya, and 50 per cent in Gabon, Liberia, Angola, Somalia, and Mauritania. The corresponding shares ranged from 25 to 41 per cent for nine countries, Congo (Brazzaville), Ivory Coast, Sierra Leone, Congo (Kinshasa), Uganda, Algeria, Tanzania, Malawi, and Mozambique. Eighteen African countries were within the 10 to 25 per cent range, and five, Dahomey, Rwanda, Burundi, Upper Volta,

and Mali, were below 10 per cent. Since considerable exports from Mali, Upper Volta, and possibly some other countries in the last group were not recorded, it is believed that the majority of African countries

Table 2. Exports and imports of African countries, 1965

Country and Sub-region	Exports			Imports		
	A*	B	C	A	B	C
North Africa	31.4	24.6	38	28.5	25.0	39
Libya - -	8.8	84.8	498.1	3.2	34.0	200.0
Algeria - -	7.6	27.8	63.9	7.2	29.4	67.7
UAR - -	6.7	14.3	20.9	9.2	22.0	32.3
Morocco - -	4.8	19.5	33.1	4.4	20.5	34.7
Sudan - -	2.2	15.7	14.8	2.1	16.6	15.8
Tunisia - -	1.3	14.6	26.1	2.4	29.8	53.3
West Africa	20.9	17.5	19	20.7	19.4	22
Nigeria - -	8.3	13.3	13.3	7.6	13.7	13.7
Ghana - -	3.2	16.8	38.8	4.4	25.8	59.7
Ivory Coast - -	3.1	36.9	72.9	2.3	31.6	62.4
Liberia - -	1.5	72.2	135.0	1.0	55.6	104.0
Senegal - -	1.4	22.1	37.6	1.6	28.4	48.2
Sierra Leone - -	1.0	32.8	40.0	1.1	40.3	49.1
Mauritania - -	0.7	52.4	73.3	0.2	18.3	25.5
Guinea - -	0.6	21.8	15.3	0.5	20.5	14.4
Niger - -	0.3	14.0	7.8	0.4	21.3	11.9
Togo - -	0.3	19.9	16.9	0.4	33.1	28.1
Mali - -	0.2	5.5	3.5	0.4	14.7	9.6
Dahomey - -	0.1	8.7	6.1	0.3	21.1	14.8
Gambia - -	0.1	23.1	18.0	0.1	30.8	24.0
Upper Volta - -	0.1	5.6	2.5	0.2	11.6	5.2
East Africa	20.6	32.0	26	16.0	28.0	23
Zambia - -	5.9	92.4	144.8	2.9	51.2	81.9
Rhodesia - -	5.1	...	107.8	3.3	...	78.3
Tanzania - -	2.1	27.3	19.1	1.5	21.6	15.1
Uganda - -	2.0	30.4	24.2	1.1	19.4	15.4
Kenya - -	1.6	17.8	16.0	2.5	30.4	27.4
Ethiopia - -	1.3	10.5	5.2	1.5	13.6	6.8
Madagascar - -	1.0	15.7	14.8	1.4	23.5	23.3
Mauritius - -	0.7	...	89.4	0.7	...	104.3
Malawi - -	0.5	26.5	10.5	0.6	41.3	16.4
Somalia - -	0.4	57.4	14.3	0.5	43.5	21.7
Central Africa	7.6	26.7	21	6.8	26.9	21
Congo (Kinshasa) - -	3.6	30.8	21.6	3.2	29.9	20.9
Cameroon - -	1.5	24.8	27.3	1.5	27.1	29.8
Gabon - -	1.1	74.4	192.0	0.6	48.1	124.0
Congo (Brazzaville) - -	0.5	40.5	58.7	0.6	56.0	81.3
Central African Republic - -	0.3	21.8	20.0	0.3	23.5	21.5
Chad - -	0.3	11.7	8.1	0.3	13.4	9.4
Burundi - -	0.1	7.1	3.6	0.2	13.6	6.8
Rwanda - -	0.1	7.9	4.0	0.1	10.6	5.3
Other Africa	3.4	43.0	25.8	3.6	51.2	30.7
Angola - -	2.2	66.2	39.7	1.9	64.6	38.7
Mozambique - -	1.2	25.7	15.4	1.7	41.2	24.7
Southern Africa^a	16.1	15.2	74	24.2	25.6	12.5
Weighted African totals -	100.0	22.0	30	100.0	24.6	33

Source: Computed from basic data of the IBRD, the UN National Accounts Yearbooks, and the UN *Demographic Yearbook*.

^a Including Botswana, Lesotho, Swaziland, and the Republic of South Africa.

* Code: A = Per cent share of African total B = Per cent share of national GNP C = Dollars *per capita*

Table 3. Exports, imports, and the balance of trade of African countries, 1960, 1964, 1965, and 1966

Country	Exports (f.o.b.)					Imports (c.i.f.)					Balance of trade				
	value (\$ million)					value (\$ million)					value (\$ million)				
	average annual rate of growth (%)					average annual rate of growth (%)					export coverage of imports (%)				
	1960	1964	1965	1966	1966 ^a or 1965	1965	1964	1965	1966	1966 ^a or 1965	1960	1964	1965	1966	1966 ^a or 1965
Algeria	558	727	690	...	4.3	-5.1	...	...	...	-1.2	-707	-13	-41	...	...
Angola	124	204	200	221	10.1	-2.0	10.5	...	209	18.9	-4	40	5	12	...
Burundi	...	31	10	15	...	-67.7	50.0	...	19	-5.0	...	11	-9	-2	...
Cameroon	97	122	139	...	7.5	13.9	...	...	152	14.3	12	-11	-13	...	...
CAR	14	29	26	31	14.2	-10.3	19.2	...	35	-6.7	-6	-1	-2	-4	...
Chad	13	27	27	24	10.8	0.0	-11.1	10.8	31	-11.4	-12	-8	-4	-8	...
Congo (Brazzaville)	18	47	47	43	...	0.0	-8.5	15.6	70	0.0	-52	-18	-18	-27	...
Congo (Kinshasa)	337	337	330	...	-0.4	-2.1	...	...	320	11.1	158	49	10	...	...
Dahomey	18	13	14	10	-9.3	7.7	-28.6	...	31	9.7	-13	-18	-20	-22	...
Ethiopia	105	116	112	112	5.3	10.5	-3.4	...	151	21.8	-3	-19	-35	-40	...
Gabon	47	90	96	100	13.4	6.7	4.2	...	62	10.7	15	34	34	34	...
Gambia	8	9	9	...	2.4	0.0	...	...	12	0.0	-1	-3	-3	...	...
Ghana	294	292	291	244	-16.2	0.3	-16.2	...	448	31.4	-69	-49	-157	-108	...
Guinea	52	46	52	...	0.0	13.0	...	...	49	28.9	2	8	3	...	...
Ivory Coast	151	302	277	310	12.7	-8.3	11.9	...	265	-0.4	31	64	40	45	...
Kenya	112	150	146	168	7.0	-2.7	15.1	...	249	16.4	-84	-64	-103	-147	...
Liberia	83	126	135	147	8.9	7.1	8.9	...	110	-6.3	14	15	31	32	...
Libya	11	709	797	1,018	112.6	12.4	27.7	...	405	9.6	-158	417	477	613	...
Madagascar	75	92	92	98	4.6	0.0	6.5	...	138	2.2	-37	-43	-46	-44	...
Malawi	...	34	41	49	...	20.6	19.5	...	75	42.2	-10	-20	-27	-23	...
Mali	6	17	16	13	...	-5.9	-18.7	...	36	16.2	-8	30	43	...	...
Mauritania	2	46	66	78	13.8	43.5	18.2	...	70	43.8	-32	-4	-11	1	...
Mauritius	38	78	66	71	11.0	-15.4	7.6	...	478	-6.1	-58	-22	-21	-50	...
Morocco	354	434	430	428	3.2	-0.9	-0.5	...	451	-1.1	-54	-50	-65	-95	...
Mozambique	73	106	108	112	7.4	1.9	3.7	...	207	10.9	-130	-109	-19	-70	...
Niger	13	21	25	35	17.9	19.0	40.0	...	45	11.8	-1	-13	-13	-10	...
Nigeria	475	602	751	788	8.8	24.8	4.9	...	718	9.3	-16	-52	-63	-66	...
Reunion	36	37	34	39	1.3	-8.1	14.7	...	105	8.0	...	82	126	57	...
Rhodesia	...	385	461	293	...	19.7	-36.4	...	236	10.6	...	...	...	...	...
Rwanda	113	123	128	149	4.7	25.0	46.7	...	36	75.0	-59	-49	-36	-12	...
Senegal	83	95	88	83	...	-7.4	-5.7	...	161	9.1	9	-4	-20	-17	...
Sierra Leone	23	36	33	...	7.5	-8.3	...	...	50	-9.1	-7	-19	-17	...	...
Somalia	182	196	196	205	4.6	0.0	4.6	...	...	-24.1	...	-78	-12	-12	...
Sudan	171	208	191	235	5.4	-8.2	23.0	...	180	12.7	65	74	40	55	...
Tanzania	15	30	27	36	15.7	-10.0	33.3	...	151	7.1	-11	-12	-18	-11	...
Togo	120	129	120	140	2.6	-7.0	16.7	...	250	0.4	-71	-115	-125	-110	...
Tunisia	568	539	604	605	1.1	12.1	0.2	...	933	-2.1	-99	-414	-329	-410	...
Uganda	120	186	179	188	7.8	-3.8	5.0	...	1,015	23.9	47	94	65	68	...
Upper Volta	4	12	12	16	33.3	0.0	33.3	...	38	-43.2	-24	-32	-13	-22	...
Zambia	...	470	532	691	29.7	13.2	29.7	...	345	34.7	...	251	237	346	...

Source: ECA, Statistical Bulletin for Africa, Nos. 1 and 2;

Marchés tropicaux et méditerranéens, 1967, various issues;

^a Compounded annual rate of growth.

IMF, Direction of Trade Annual, 1961-1965;

UN, Monthly Bulletin of Statistics, July 1967;

IMF, International Financial Statistics, January 1967;

ECA secretariat.

are within or close to the 10 to 25 per cent range, which is also characteristic of a large number of non-African countries.

Table 2 also provides a measure of import dependence, the ratio of imports to GNP, which was generally higher than the ratio of exports to GNP. However, there were fewer extreme cases for imports. In 1965, the highest import dependence measure was 64.6 per cent, for Angola, and only three other countries exceeded 50 per cent, Congo (Brazzaville), Liberia, and Zambia. Sixteen of the remaining countries were in the 25 to 50 per cent range, and 19 were in the 10 to 25 per cent range. No country recorded an import dependence ratio of less than 10 per cent.

Exports and imports *per capita* also vary significantly from country to country. In 1965 exports *per capita* amounted to less than \$10 in eight African countries, between \$10 and \$25 in 14 countries, between \$25 and \$50 in seven countries, between \$50 and \$100 in five countries, and between \$100 and \$500 also in five countries. These most heavily export-oriented economies were Libya, Gabon, Zambia, Liberia, and Rhodesia. The rather low populations of these countries contribute to export-orientation on a *per capita* basis. The *per capita* data for imports are by and large similar to those for exports. In 1965 imports *per capita* were less than \$10 in six countries, between \$10 and \$25 in 14 countries, between \$25 and \$50 in nine countries, between \$50 and \$100 in seven countries, and between \$100 and \$200 in four countries, with Libya showing the highest figure, \$200 *per capita*, followed by Gabon, Mauritius, and Liberia.

Although some data for 1960 are not available, on the basis of existing information for 1960-1966 it appears that the value of trade *per capita* was growing in most African countries, sometimes remarkably steadily, but often with periodic fluctuations. Despite a rather high dependence of the African economies on foreign trade, the value of foreign trade *per capita* is relatively low when compared with developed economies and also with a number of Asian and Latin American developing countries.

Table 3 further demonstrates the variety of national situations in the foreign trade of Africa. With respect to the last year for which data were available, 1965 or 1966, five countries, the UAR, Nigeria, Libya, Algeria, and Morocco, accounted for at least \$400 million in each category, exports and imports. Zambia is also important with respect to its combined export and import total, which exceeds \$1,000 million. At the other end of the scale, 12 countries, more or less, account for less than \$50 million in exports and in imports. The bulk of the African countries have exports and imports ranging from \$50 million to \$350 million for each category.

In contrast with the heavy concentration of African trade in the commodity composition and

the direction of exports and the sources of imports, trade is considerably dispersed with respect to the participation of individual countries. Compared with developing Asia and Latin America, the number of small exporting countries of Africa is much more pronounced. This increases the costs of conducting foreign trade and the efficiency of export promotion in foreign markets and affects intergovernmental trade negotiations and agreements, the latter being sometimes relatively less favourable for smaller than for larger contracting parties. The share of the four leading African exporters, Libya, Nigeria, Zambia, and Algeria,² in total African exports was 38 per cent in 1966, whereas the corresponding figures were 32 per cent for the four leading exporters of developing Asia, India, Iran, Hong Kong, and Singapore, and 69 per cent for the four leading exporters of Latin America, Venezuela, Brazil, Argentina, and Mexico. When the remaining values of exports are divided by the remaining countries, the average value of exports by residual country amounted to \$461 million in Asia, \$245 million in Latin America, and only \$137 million in Africa.

Individual country exports during the period 1960-1966 were generally on an upward trend. The only two confirmed examples of a downward trend occurred in Dahomey and Ghana, although the situation was stagnant or statistically unclear for some other countries, Rwanda, Congo (Kinshasa), Sierra Leone, Reunion, Gambia, and Guinea. An outstanding gain in exports was enjoyed by Libya, from \$11 million in 1960 to \$1,018 million in 1966, and substantial progress was also recorded in the exports of Mauritania, Ivory Coast, Togo, Upper Volta, Central African Republic, Zambia, Gabon, and Liberia. All of these countries at least doubled the value of exports during this period. It should be noted, however, that six of these countries had very small exports in 1960, although the Ivory Coast, Zambia, and Liberia had already reached a fair level by 1960. Among countries of substantial weight in total African exports, a considerable advance was experienced particularly by Nigeria, from \$475 million to \$788 million, but again, as in the case of Libya, this was due mainly to the expansion of petroleum exports.

Over the period 1960 — 1965/1966, two African countries recorded a drop in exports, and three an almost stagnant situation, at least as far as the terminal years are concerned. Of the remaining 31 countries for which comparisons were possible, the average annual rate of export increase was below 5 per cent in nine countries, between 5 and 10 per cent in eight countries, and over 10 per cent in 14 countries, the latter including the exceptional gains of over 100 per cent in Libya and Mauritania. Although some of these trends might seem quite favourable, it must be remembered that at least one-third of African economies registered a decline,

² The 1965 total export figure for Algeria is used in the absence of final data for 1966.

stagnation, or very slow advance in exports; some of the more impressive examples of advances in exports were largely due to the low initial level of exports or to special circumstances; and the deterioration in the terms of trade allowed for drawing only a part of the expected benefits in foreign exchange earnings.

On the import side, there was only one case of a pronounced downward tendency, Algeria until 1965, but at least six cases of a virtually stagnant situation, i.e., changes from -1 to +1 per cent. In real terms, this meant a decline in the volume of imports, in view of generally rising import prices, especially for consumer and investment goods. In six countries imports grew at a rate of between 1 and 5 per cent a year, which can be considered as stagnant. The group with annual import increases from 5 to 10 per cent included 11 countries, and gains of over 10 per cent were registered in 12 countries. It should be noted that while annual rates of export growth were higher than import growth for 18 countries and the contrary for 18 other countries, individual country gains in exports were much more impressive. Thus, for example, only six countries more than doubled their imports, while eight countries more than doubled their exports.

The developments in the last years of the period do not correspond entirely with the trends for the entire period. In 1965, 18 of 41 African countries recorded a drop in the value of exports, and 12 countries diminished their imports. In 1966 the situation was apparently more favourable in comparison with the previous year, as exports and imports declined in only nine of 30 recorded cases. Export and import fluctuations have, of course, been one of the salient features of African foreign trade for much more than these two recent years.

As important as the fluctuation was the extent of annual changes in export or import values in many individual cases. Thus, for example, in 1965 the exports of Mauritania rose by 43.5 per cent, Liberia by 39.9 per cent, Rwanda by 25.0 per cent, Nigeria by 24.8 per cent, Malawi by 20.6 per cent, and Niger by 19.0 per cent. At the same time, the exports of Burundi, Mauritius, the Central African Republic, and Togo decreased by 10 per cent or more. As a rule, at least in the immediate past, increases in export earnings were due mostly to an expansion in their volume, whereas declines were caused predominantly by price factors. Actually, if four years are considered, 1960, 1964, 1965, and 1966, steady progress in export earnings occurred only in 14 cases, while there were 25 examples of fluctuations, ranging from relatively moderate to extremely acute. On the import side, 20 countries recorded steady growth, while 20 others were subject to fluctuations. The differences between export and import developments can be explained in part by the effect of the net inflow of public and private capital as well as by invisible currency earnings, the latter being of considerable importance in a few individual cases.

Table 4. Annual changes in destination of exports of developing Africa, 1961 — 1966 (value in per cent)

Destination	1961	1962	1963	1964	1965	1966
World - - -	1.7	4.1	12.3	16.9	6.7	7.2
Developed market economies - -	3.3	4.6	12.7	15.6	5.4	7.7
Centrally planned economies ^a - -	-8.5	24.1	22.4	3.7	34.1	-1.8
Developing countries	0.8	8.1	6.8	27.9	1.1	10.9

Source: IMF, *Direction of Trade Annual*, 1960 — 1964; UN, *Monthly Bulletin of Statistics*, June 1966 and June 1967; ECA secretariat.

^a Excluding Cuba and Yugoslavia.

During the period under review, the supply of most of the leading commodities in African exports, including traditional agricultural products, has steadily increased. This trend has been reinforced by the development of new sources of petroleum and mineral exports, but regional earnings from exports have increased very erratically. The annual percentage changes in the value of African total exports were subject to substantial periodic fluctuations during 1960-1966, mainly by two-year cycles. Thus in 1961 and 1962 the increase in African world exports was the slowest for all the years under consideration, while in 1963 and 1964 the annual advance was most impressive, and finally, in 1965 and 1966, the rate of export increase diminished by more than one-half, to around 7 per cent a year, though still exceeding the low 1961 and 1962 levels. (See Table 4.)

A main factor in fluctuations in export earnings was the change in world market prices. These were generally greater for African exports than for all other developed and developing economies. Through export price fluctuations, the terms of trade in recent years for developing Africa were also less favourable than for the rest of the developing world as well as the developed economies. Almost no African export commodity was immune from wide changes in price from one year to the next throughout the whole period. These fluctuations have been particularly serious for the large number of African countries which export one, two, or three commodities, since they are not in a position to replace less remunerative export goods by more profitable ones.

As can be seen from Table 5, the value of exports from developing Africa rose by 59 per cent from 1960 to 1966, which was more than the rise for exports of all developing countries but less than for the developed market economies. The same situation obtained for the volume of exports. The change in export unit values was approximately the same for Africa and all developing regions in 1965 and comparatively slightly more favourable for Africa in 1964 and 1966. The small advantage for Africa was due mainly to a structural change in African exports through the contribution of mineral fuels and to price trends in some other products, such as diamonds, phosphates, and copper. Export unit values

Table 5. Export and import indices for developed market economies, all developing regions, and Africa, 1960 — 1966
(1960 = 100) (Code: V = value; Q = quantum; UV = unit value.)

Area	1961			1962			1963			1964			1965			1966		
	V	Q	UV	V	Q	UV	V	Q	UV	V	Q	UV	V	Q	UV	V	Q	UV
Developed market economies																		
Export index	-	-	-	106	105	101	111	110	101	121	119	102	137	133	103	150	144	104
Import index	-	-	-	105	106	99	113	115	98	124	125	99	140	138	101	154	149	102
All developing regions																		
Export index	-	-	-	101	104	97	106	112	95	115	119	97	126	127	99	133	134	99
Import index	-	-	-	103	104	99	104	106	98	108	109	99	120	117	100	125	123	101
Africa																		
Export index	-	-	-	102	108	95	106	112	94	119	121	97	139	136	100	148	144	99
Import index	-	-	-	102	102	100	98	96	101	106	99	103	118	108	103	130	112	105

Source: UN, *Monthly Bulletin of Statistics*, October and December 1967; ECA secretariat.

increased more for the developed market economies than for the developing world and Africa taken separately. On the import side, developments were different. The relative increase in the value of imports was lowest for Africa, though not too different from the developing world as a whole, while developed market economies showed a large increase. Over the period, the volume of African imports increased the least, while that of all developing regions was intermediary and that of developed market economies noticeably the greatest. There is a considerable difference in the volume trends of African exports and imports. The volume of exports increased by 53 per cent from 1960 to 1966, while the volume of imports rose by only 18 per cent. The corresponding figures for developed market economies were 56 and 63 per cent, respectively, and for all developing regions, 39 and 30 per cent, respectively. The rise in the price of imports into Africa was a factor in the significant spread between the volume of exports and imports for the continent.

The trends in export and import prices meant that the terms of trade of developing Africa deteriorated during 1960 to 1966 more than in the developing regions as a whole. On the other hand, the terms of trade improved for the developed market economies. (See Table 6.)

Table 6. Terms of trade of developed market economies, all developing regions, and Africa, 1960—1966 (index)

Year	Developed market economies	All developing regions	Africa
1960	100	100	100
1961	102	98	95
1962	103	97	93
1963	103	98	94
1964	102	99	97
1965	102	98	94
1966	103	98	97

Source: UN, *Monthly Bulletin of Statistics*, October and December 1967; ECA secretariat.

There were considerable variations in the price trends for individual African countries, depending upon the composition of their exports. Throughout the period, particularly adverse trends were experienced by Togo because of cocoa beans and coffee, Ghana because of cocoa beans, Cameroon because of cocoa and coffee, and Ivory Coast because of cocoa beans and coffee. There were several cases of relative stability in export prices, e.g., Senegal and, to a certain extent, Kenya, some cases of generally upward trends, e.g., Morocco, Mozambique, and Sierra Leone, and numerous countries with marked annual fluctuations, e.g., Tanzania, because of sisal, and Mauritius, because of sugar. Also, certain special sales conditions and arrangements affected prices, for instance, price guarantees and tariff preferences for exports from some African countries to some Western European developed market economies.

The over-all improvement in the balance of trade of African countries between 1960 and 1966 was a salient feature of African trade. A large trade deficit, exceeding \$1,000 million until 1962, was eventually transformed into a favourable balance of trade by 1966, as shown in Table 7. In 1960 the adverse balance for Africa amounted to \$1,031 million. By 1965 it was only \$380 million, and by 1966 a favourable balance of \$80 million was achieved. However, the over-all picture conceals the problems of balancing foreign trade met by most African countries. The balance of trade of two African countries, Algeria and Libya, was improved by almost \$1,500 million taken together, while there were two striking cases of a worsening in the balance of trade, the UAR with a trade deficit of \$410 million in 1966 compared with a \$99 million deficit in 1960 and Congo (Kinshasa) with a decrease in its trade surplus from \$158 million in 1960 to \$10 million in 1965. The difference in the balance of trade of the four countries between 1960 and 1966 amounted to a surplus of about \$1,000 million, which corresponds approximately to the improvement in the African total balance of trade. In other words, the remaining 37 African countries taken together showed approximately zero change in the aggregate of their balance of trade between 1960 and 1966, and for most of them the balance continued to be adverse.

value by exports; in 1964, 26 of 41 countries; in 1965, 24 of 41 countries; and in 1966, 20 of 34 countries. Countries covering less than 50 per cent of import values by exports numbered five of 36 in 1960 and four of 34 in 1966, according to available data. (See Table 3.) The reasons for particularly unbalanced trade vary. The extreme situation in Libya in 1960 was especially due to the heavy import of investment equipment before significant export of petroleum. Usually, however, the reasons are more complex and interdependent, such as development plans requiring additional imports, external and internal market difficulties, foreign subsidies, unfavourable price trends, bad harvests, important invisible payments, and numerous other factors.

As far as trade balances by geographical distribution were concerned, the general upturn from an adverse to a favourable balance of trade occurred basically through the transformation of trade with Western Europe, which recorded a \$763 million deficit in 1960 and was transformed into a surplus of \$1,150 million for Africa by 1966. (See Table 7.) Algeria and Libya were mainly responsible for this development, since Libyan and Algerian shipments of petroleum were almost entirely absorbed by Western European markets and the fall in Algerian imports was mainly in trade with France. Regarding

Table 7. Balance of trade of Africa with principal world markets, 1958 — 1966 (\$ million f.o.b.)

Year	World	USA	Canada	Latin America	Western Europe			Eastern Europe	Japan	Developing Asia	China, People's Rep.	Australia, New Zealand	Rest of world
					total ^a	EEC	EFTA						
1958	-1,212	59	-3	-45	-684	-924	-127	-16	-60	-320	-30	6	-137
1959	-1,087	-38	0	-44	-496	-449	-33	171	-17	-294	-50	16	-162
1960	-1,031	65	-6	-23	-763	-640	-65	35	-21	-215	24	41	-133
1961	-1,056	-37	0	-23	-412	-283	-41	53	-122	-244	-12	4	-206
1962	-610	-285	-2	-41	225	240	-10	85	-50	-195	27	2	-284
1963	-410	-225	17	-50	320	305	0	205	-72	-274	72	16	-221
1964	-110	-230	13	-96	810	630	60	180	-80	-320	-150	8	-63
1965	-380	-180	2	-56	770	550	120	240	-155	-505	-260	51	-38
1966	80	-280	42	-16	1,150	920	150	210	-130	-395	-235	11	-65

Source: UN, *Monthly Bulletin of Statistics*, June 1963, 1965, 1967; UN, *Yearbook of International Trade Statistics*, 1962, 1963; ECA secretariat.

^a Including Yugoslavia.

The degree of import coverage by exports in 1960 ranged between only 6.5 per cent for Libya to 188.3 per cent for Congo (Kinshasa), in 1964 between 27.3 per cent for Upper Volta to 287.5 per cent for Mauritania, in 1965 between 35.1 per cent for Reunion to 287.0 per cent for Mauritania, and in 1966 from 31.3 per cent for Dahomey to 251.4 per cent for Libya (with data not yet available for Mauritania). During the period under consideration 18 African countries improved their export coverage of imports, while 23 showed the opposite development. Available data show that in 1960, 19 of 36 countries covered 75 per cent or more of their import

the other regions, adverse changes in the balance of trade with the United States and the centrally planned economies were generally due to credits and grants offered to African countries, and there were also increased deficits with Japan and developing Asia. Also, the surplus in the trade balance with the People's Republic of China decreased, and trade with Australia and New Zealand changed from a completely balanced situation in 1960 to a small deficit in 1966. The credits and grants from the United States and the centrally planned economies were made available to a limited number of recipients in Africa, and Japanese export expansion was also

concentrated on only a certain number of African countries.

The concentration of African exports remains, despite certain modifications, a normal feature not only in terms of commodity composition but also by geographical distribution. In the post-colonial period, proportions changed only slightly, although some more significant changes were recorded if individual trading partners rather than country groups are analysed. Developed market economies, in particular the former colonial powers, maintained their predominance as customers and suppliers of developing Africa. Since these countries absorb the bulk of African shipments, trends in these markets are strongly reflected in the over-all trends for African exports. During the whole period 1960-1966, around four-fifths of African exports were destined for developed market economies, particularly Western Europe. Whatever the detailed reasons, this situation points to the continuing need for special attention to these markets in African economic and commercial policies. The shares of the centrally planned and developing economies in African exports also changed little during this period. (See Table 8.)

Trade with Eastern European countries was more stable than with the People's Republic of China. The centrally planned markets generally are becoming more important for many African exports but are still small compared with outlets in the developed market economies. African exports to all developing countries, including intra-African trade, also showed rather steady growth.

Within the developed market economies, the largest market for African exports has been the EEC area, and within this group France remains the largest customer, especially for ex-French areas of Africa. The Federal Republic of Germany, Italy, Belgium, and the Netherlands are also important markets for African products, particularly for those originating from non-associated countries. In 1965 the shares of the individual countries in total imports of the EEC from developing Africa were: France, 42.4 per cent; the Federal Republic of Germany, 28.2 per cent; Italy, 12.0 per cent; Belgium-Luxembourg, 9.8 per cent; and the Netherlands, 7.6 per cent. EFTA ranks as the second largest market, though far behind the EEC, and more than 75 per cent of these exports go to the United Kingdom.

Table 8. Destination of African exports, 1960-1966

Destination	Value f.o.b. (\$ million)				Share (per cent)		Comparison by years (per cent)		
	1960	1964	1965	1966	1960	1966	1965/1964	1966/1965	1966/1960
World - - -	5,239	7,280	7,770	8,330	100.0	100.0	107	107	159
Developed market economies - -	4,200	5,880	6,200	6,680	80.2	80.2	105	108	159
Centrally planned economies ^a - -	295	425	570	560	5.6	6.7	134	98	190
Developing economies -	620	910	920	1,020	11.8	12.2	101	111	165

Source: UN, *Monthly Bulletin of Statistics*, June 1967; UN, *Yearbook of International Trade Statistics*, 1965. ECA secretariat.

^a Excluding Cuba and Yugoslavia.

Table 9. African exports (f.o.b.) to principal markets, 1958-1966 (\$ million)

Year	World	USA	Canada	Latin America	Western Europe			Eastern Europe	Japan	Developing Asia	China, People's Rep.	Australia, New Zealand	Developing Africa	Rest of world
					Total ^a	EEC	EFTA							
1958	4,568	395	14	19	3,220	1,778	1,002	836	179	54	138	43	13	334
1959	4,722	399	20	20	3,314	2,139	1,096	1,013	209	73	157	47	14	323
1960	5,239	515	21	41	3,515	2,316	1,160	947	225	78	222	71	20	358
1961	5,330	525	31	41	3,630	2,450	1,180	965	228	83	221	39	19	354
1962	5,550	460	28	38	3,900	2,645	1,150	950	295	75	267	41	20	360
1963	6,230	475	46	35	4,360	2,950	1,265	1,050	351	116	302	59	29	370
1964	7,280	610	50	44	4,940	3,330	1,380	1,110	360	165	315	66	33	550
1965	7,770	590	45	35	5,280	3,490	1,550	1,230	455	165	280	115	28	600
1966	8,330	640	79	48	5,620	3,830	1,540	1,190	480	205	340	79	28	630
1960-1966														
Total	45,729	3,815	300	282	31,245	21,011	9,225	7,442	2,394	887	1,947	470	177	3,222

Source: UN, *Monthly Bulletin of Statistics*, June 1963, 1965, 1967; UN, *Yearbook of International Trade Statistics*, 1962, 1963; ECA secretariat.

^a Including Yugoslavia.

Table 10. African exports (f.o.b.) to principal markets, 1958—1966 (per cent)

Year	World	USA	Canada	Latin America	Western Europe				Eastern Europe	Japan	Developing Asia	China, People's Rep.	Australia, New Zealand	Developing Africa	Rest of world
					Total ^a	EEC	EFTA	UK							
1958	100	8.6	0.3	0.4	70.5	38.9	21.9	18.3	3.9	1.2	3.0	0.9	0.3	7.3	3.5
1959	100	8.4	0.4	0.4	70.2	45.3	23.2	23.6	4.4	1.5	3.3	1.0	0.3	6.8	3.1
1960	100	9.8	0.4	0.8	67.0	44.2	22.1	18.1	4.3	1.5	4.2	1.4	0.4	6.8	3.3
1961	100	9.8	0.6	0.8	68.1	46.0	22.1	18.1	4.3	1.6	4.1	0.7	0.4	6.6	3.0
1962	100	8.3	0.5	0.7	70.3	47.7	20.7	17.1	5.3	1.4	4.8	0.7	0.4	6.5	1.1
1963	100	7.6	0.7	0.6	70.0	47.4	20.3	16.9	5.6	1.9	4.8	0.9	0.5	5.9	1.4
1964	100	8.4	0.7	0.6	67.9	45.7	18.9	17.7	4.9	2.3	4.3	0.9	0.5	7.6	2.0
1965	100	7.6	0.6	0.5	68.0	44.9	19.9	15.8	5.9	2.1	3.6	1.5	0.4	7.7	2.3
1966	100	7.7	0.9	0.6	67.5	46.0	18.5	14.2	5.8	2.5	4.1	0.9	0.3	7.6	2.2
1960-1966 Total	100	8.3	0.7	0.6	68.3	45.9	20.2	16.3	5.2	1.9	4.3	1.0	0.4	7.0	2.2

Source: UN, *Monthly Bulletin of Statistics*, June 1963, 1965, 1967; UN, *Yearbook of International Trade Statistics*, 1962, 1963; ECA secretariat. ^a Including Yugoslavia.

Table 11. Indices of African exports (f.o.b.) to principal markets, 1960—1966

Year	World	USA	Canada	Latin America	Western Europe				Eastern Europe	Japan	Developing Asia	China, People's Rep.	Australia, New Zealand	Developing Africa	Rest of world
					Total ^a	EEC	EFTA	UK							
1960	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1961	102	102	148	100	103	106	102	102	101	106	100	55	95	99	92
1962	106	89	133	93	111	114	99	100	131	96	120	58	100	101	38
1963	119	92	219	85	124	127	109	111	156	149	136	83	145	103	50
1964	139	118	238	107	141	144	119	116	160	212	142	93	165	153	85
1965	148	115	214	85	150	151	134	130	202	212	126	162	140	168	102
1966	159	124	376	117	160	165	133	126	213	263	153	111	140	176	105

Source: UN, *Monthly Bulletin of Statistics*, June 1963, 1965, 1967; UN, *Yearbook of International Trade Statistics*, 1962, 1963; ECA secretariat. ^a Including Yugoslavia.

The share of African exports to the United States declined between 1960 and 1966 and accounted for less than 8 per cent in 1965 and 1966, as compared with almost 10 per cent in 1960 and 1961. African exports to Japan increased steadily in recent years, both in absolute and relative terms, but were still only 2.5 per cent of total African exports and well below African imports from Japan. Among the centrally planned economies, the largest outlets for African exports were in Eastern Europe, particularly in the Soviet Union. Intra-African trade represented the strongest component in the consumption of African exports by the developing world, being 7.6 per cent of total African exports in 1966, compared with 4.1 per cent for developing Asia and only 0.6 per cent for Latin America. This suggests the possibility and the need to increase African exports to the other developing regions.

In value terms African exports increased in all major directions from 1960 to 1966. Canada, Japan, Eastern Europe, and developing Africa were the

fastest growing markets for African exports in percentage terms during the period. The share of African exports in total world imports was always close to 4 per cent during 1960-1966, with a low of 3.9 per cent in 1962, a high of 4.2 per cent in 1964 and 1965, and 4.1 per cent in both 1960 and 1966. On the other hand, the African export share of world imports from all developing countries increased rather steadily, from 19.2 per cent in 1960 to 21.5 per cent in 1966, principally through the expansion of petroleum exports. African exports in the share of total imports increased from 1960 to 1966 in the markets of developing Africa, Eastern Europe, Canada, developing Asia, and Japan; remained unchanged in the United Kingdom, Australia and New Zealand, and Latin America; declined slightly in the People's Republic of China; and dropped in Western Europe, in both the EEC and EFTA groups, and also in the U.S. market. Whatever the direction of change, Africa remained a marginal supplier in all the major international markets, its share not having reached

as high as 9 per cent in any year in total imports of the countries or country groups under consideration. On the other hand, individual African countries were often very dependent on a specific developed country or country group as a market for its exports, and this dependence ranged to more than 90 per cent of exports. The share of Africa in imports from all developing countries was significant in many markets and showed an increase between 1960 and 1966 in all countries or country groups considered, except for Latin America and the People's Republic of China, where it dropped, and the United States, where it remained the same. In 1966 the African share of total imports from all developing countries into world markets represented 48.8 per cent of the

total for developing Africa, 40.3 per cent for the EEC, 35.6 per cent for Western Europe as a whole, 30.6 per cent for the United Kingdom, 30.2 per cent for EFTA, 24.6 per cent for Eastern Europe, 15.8 per cent for the People's Republic of China, and 10.4 per cent for Canada. For each of the other countries or country groups considered, the African share in imports from the developing world was less than 10 per cent.

A high degree of correlation between the destinations of African exports and the geographical sources of African imports may be observed by comparing the data in Tables 8 and 13. The developed market economies are the principal sources of African imports, though their share decreased from

Table 12. Percentage share of Africa in world exports and exports (f.o.b.) of the developing countries, by principal markets, 1960–1966
(Code: A = total imports in \$ million; B = imports from developing countries in \$ million;
C = African export share of A in per cent; D = African export share of B in per cent.)

Year	World				United States				Canada			
	A	B	C	D	A	B	C	D	A	B	C	D
1960	127,510	27,340	4.1	19.2	14,700	5,940	3.5	8.7	5,320	500	0.4	4.2
1961	133,250	27,640	4.0	19.3	14,600	5,690	3.6	9.2	5,310	510	0.6	6.1
1962	140,860	28,910	3.9	19.2	15,810	5,780	2.9	7.9	5,550	640	0.5	4.4
1963	153,330	31,420	4.1	19.8	16,550	5,990	2.9	7.9	5,930	730	0.8	6.3
1964	172,200	34,670	4.2	21.0	18,300	6,400	3.3	9.5	6,840	700	0.7	7.1
1965	186,310	36,520	4.2	21.3	20,920	6,780	2.8	8.7	7,840	730	0.6	6.2
1966	203,200	38,750	4.1	21.5	24,610	7,330	2.6	8.7	9,060	760	0.9	10.4

Year	Eastern Europe				Japan				China, People's Rep.			
	A	B	C	D	A	B	C	D	A	B	C	D
1960	12,920	945	1.7	23.8	3,770	1,400	2.1	5.6	2,090	270	3.5	26.3
1961	13,840	1,215	1.6	18.8	4,790	1,600	1.7	5.2	1,560	260	2.5	15.0
1962	15,240	1,290	1.9	22.9	4,450	1,610	1.7	4.7	1,350	275	3.0	14.9
1963	16,350	1,385	2.2	23.0	5,510	2,060	1.7	4.4	1,410	265	4.2	22.2
1964	18,100	1,530	2.0	23.5	6,710	2,630	2.5	6.3	1,610	420	4.0	15.7
1965	19,030	1,880	2.4	4.2	6,820	2,760	2.4	6.0	2,110	500	5.5	23.0
1966	19,700	1,950	2.4	24.6	7,970	3,130	2.6	6.5	2,350	500	3.4	15.8

Year	Total ^a				EEC				EFTA				UK			
	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D
1960	53,240	11,180	6.6	31.4	27,500	6,230	8.4	37.2	21,250	4,420	5.5	26.2	11,500	3,640	8.2	26.0
1961	57,190	11,260	6.3	32.2	30,120	6,370	8.1	38.5	21,950	4,310	5.4	27.4	11,190	3,510	8.6	27.5
1962	61,330	11,990	6.4	32.5	33,140	6,890	8.0	38.4	22,570	4,420	5.1	26.0	11,130	3,560	8.5	26.7
1963	68,170	13,260	6.4	32.9	37,650	7,720	7.8	38.2	24,070	4,550	5.3	27.8	12,020	3,760	8.7	27.9
1964	78,290	14,350	6.3	34.4	43,050	8,390	7.7	39.7	27,770	5,030	5.0	27.4	13,870	3,970	8.0	28.0
1965	84,520	15,090	6.3	35.1	46,670	8,870	7.5	39.3	29,290	5,110	5.3	30.3	13,990	3,940	8.8	31.2
1966	91,210	15,770	6.2	35.6	50,960	9,500	7.5	40.3	30,690	5,100	5.0	30.2	14,440	3,890	8.2	30.6

Year	Australia, New Zealand				Developing Asia				Developing Africa				Latin America			
	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D
1960	2,895	431	0.7	4.6	13,460	3,500	1.6	6.3	6,270	820	5.7	43.7	7,820	1,050	0.5	3.9
1961	2,509	390	0.8	4.9	14,000	3,500	1.6	6.3	6,386	1,090	5.5	32.3	8,110	950	0.5	4.3
1962	2,770	485	0.7	4.1	14,540	3,600	1.8	7.4	6,160	1,090	5.8	33.0	8,100	1,050	0.5	3.6
1963	3,050	520	1.0	5.6	16,060	3,910	1.9	7.7	6,640	1,110	5.6	33.3	7,990	1,090	0.4	3.2
1964	3,640	550	0.9	6.0	17,100	3,770	1.8	8.4	7,390	1,200	7.4	45.8	9,170	1,340	0.5	3.3
1965	4,030	560	0.7	5.0	17,320	3,830	1.6	7.3	8,150	1,270	7.4	47.2	9,320	1,430	0.4	2.4
1966	3,780	520	0.7	5.4	19,190	4,110	1.8	8.3	8,250	1,290	7.6	48.8	10,360	1,490	0.5	3.2

Source: IMF, *Direction of Trade Annual*, 1958-1962, 1950-1964;
UN, *Monthly Bulletin of Statistics*, June, 1963, 1965, 1967;
ECA secretariat.

^a Including Yugoslavia.

82.5 per cent in 1960 to 76.1 per cent in 1966. The shares of the centrally planned economies and the developing regions increased, from 13.1 per cent to 15.6 per cent and from 4.5 per cent to 8.2 per cent, respectively. Over the period, the total value of imports from the centrally planned economies increased by 143 per cent, while the value of shipments from developing countries increased by 57 per cent and from developed market economies by 21 per cent. Because of the heavy weight of the developed market economies in African imports, total imports thus increased only by 32 per cent over the period. More than three-quarters of African imports still came from traditional sources of supply at the end of the period. Many African national markets depend almost entirely on imports from a very limited number of developed market economies.

hand, the relative share of imports from developing Asian countries increased rapidly, from 3.2 per cent of total African imports in 1960 to 7.0 per cent in 1966. Latin America remained only a very small supplier to Africa, and its share of 1.0 per cent in 1960 declined to 0.8 per cent of total African imports in 1966. (See Table 15.) As a whole, African imports by 1966 were relatively less dependent than previously on limited sources of supply, and the diversification in this respect continues. However, the proportions are still far from optimal for many countries.

African import markets are generally marginal even for the principal suppliers, with few exceptions, of which France is the most notable example. However, the African market has become gradually less important for France as well. The share of dev-

Table 13. Sources of African imports, 1960-1966

Source	Value f.o.b. (\$ million)				Share (per cent)		Comparison by years (per cent)		
	1960	1964	1965	1966	1960	1966	1965/1964	1966/1965	1966/1960
World - - -	6,270	7,390	8,150	8,250	100.0	100.0	100	101	132
Developed market economies - -	5,170	5,690	6,210	6,280	82.5	76.1	109	101	121
Centrally planned economies ^a - -	280	500	670	680	4.5	8.2	134	101	243
Developing countries -	820	1,200	1,270	1,290	13.1	15.6	106	102	157

Source: UN, *Monthly Bulletin of Statistics*, June 1967; UN, *Yearbook of International Trade Statistics*, 1965; ECA secretariat. ^a Excluding Cuba and Yugoslavia.

Western European countries are the major suppliers to Africa as a whole and to almost all individual African countries. Western European exports accounted for 59.2 per cent of total African imports over the period 1960-1966, although their importance showed an almost regular downward trend, from 68.2 per cent in 1960 to 54.2 per cent in 1966. Among Western European countries, France, the United Kingdom, and Italy are the largest suppliers, mainly because of continued heavy trade relations with their former colonies. Among non-European developed market economies, the United States, Japan, and the Republic of South Africa were the most important suppliers to developing Africa. The shares of these countries in African imports increased, with fluctuations, between 1960 and 1966. Imports from Eastern Europe increased rather steadily and almost doubled in relative terms between 1960 and 1966, rising from 3.9 per cent to 7.4 per cent of the African total. The over-all import data conceal the different situations of individual African countries with respect to sources of imports. Purchases from South Africa in particular are heavily concentrated in a few African markets. Intra-African trade increased, but not rapidly, because of many obstacles, such as parallel export structures, lack of adequate transport networks, and other factors. On the other

eloping Africa in total French exports was 16.2 per cent in 1965 compared with 29.4 per cent in 1960. Africa is still an important outlet for Portugal having consumed 26.6 per cent of its total exports in 1965. African imports represented 7.5 per cent of United Kingdom exports in 1965 compared with 9.2 per cent in 1960. In 1965, developing Africa imported 5.4 per cent of the exports of Spain. For all other individual Western European countries, African markets absorbed less than 5 per cent of their total exports and often even less than 1 per cent.

For Western Europe as a whole, the share declined from 8.3 per cent in 1960 to 5.2 per cent in 1966. A declining relative importance of African markets was recorded both in the EEC and the EFTA countries, especially in the former, with a decline from 9.9 per cent of its total in 1960 to 5.5 per cent in 1966. By contrast, the relative weight of African countries in total exports of the United States increased from 2.2 per cent in 1960 to 3.3 per cent in 1966. The African share of Japanese exports is higher, although it declined from 7.3 per cent in 1960 to 6.1 per cent in 1966. The proportional importance of the African market increased considerably only for exports from Eastern Europe and the People's Republic of China, from 1.9 per cent and 1.5 per cent in 1960 to 5.6 per cent and 3.1 per cent in 1966, respectively. As

Table 14. African imports (f.o.b.) from principal markets, 1958—1966 (\$ million)

Year	World	USA	Canada	Latin America	Western Europe				Eastern Europe	Japan	Developing Asia	China, People's Rep.	Australia, New Zealand	Developing Africa	Rest of world
					Total ^a	EEC	EFTA	UK							
1958	5,780	336	17	64	3,904	2,702	1,129	852	239	374	168	37	11	334	296
1959	5,809	437	20	64	3,810	2,588	1,129	842	226	367	207	31	16	323	308
1960	6,270	450	27	64	4,278	2,956	1,225	912	246	293	198	30	20	358	306
1961	6,386	562	31	64	4,042	2,733	1,221	912	350	327	233	35	23	354	365
1962	6,160	745	30	79	3,675	2,405	1,160	865	345	270	240	39	27	360	350
1963	6,640	700	29	85	4,040	2,645	1,265	845	423	390	230	43	22	370	308
1964	7,390	840	37	140	4,130	2,700	1,320	930	440	485	465	58	35	550	210
1965	8,150	770	43	91	4,510	2,940	1,430	990	610	670	540	64	37	600	215
1966	8,250	920	37	64	4,470	2,910	1,390	980	610	600	575	68	30	630	246
1960-1966															
Total	49,246	4,987	234	587	29,145	19,289	9,011	6,434	3,024	3,035	2,481	337	194	3,222	2,000

Source: UN, *Monthly Bulletin of Statistics*, June 1963, 1965, 1967;
UN, *Yearbook of International Trade Statistics*, 1962, 1963;
ECA secretariat.

^a Including Yugoslavia.

Table 15. African imports (f.o.b.) from principal markets, 1958—1966 (per cent)

Year	World	USA	Canada	Latin America	Western Europe				Eastern Europe	Japan	Developing Asia	China, People's Rep.	Australia, New Zealand	Developing Africa	Rest of world
					Total ^a	EEC	EFTA	UK							
1958	100	5.8	0.3	1.1	67.5	46.7	19.5	14.7	4.1	6.5	2.9	0.6	0.2	5.8	5.1
1959	100	7.5	0.3	1.1	65.6	44.6	19.4	14.5	3.9	6.3	3.6	0.5	0.3	5.6	5.3
1960	100	7.2	0.4	1.0	68.2	47.1	19.5	14.5	3.9	4.7	3.2	0.5	0.3	5.7	4.9
1961	100	8.8	0.5	1.0	63.3	42.8	19.1	14.3	5.5	5.1	3.6	0.5	0.4	5.5	5.7
1962	100	12.1	0.5	1.3	59.7	39.4	18.8	14.0	5.6	4.4	3.9	0.6	0.4	5.8	5.7
1963	100	10.5	0.5	1.3	60.8	39.8	19.1	14.1	6.4	5.9	3.5	0.6	0.3	5.6	4.6
1964	100	11.4	0.5	1.8	55.9	36.5	17.9	12.7	6.0	6.6	6.3	0.8	0.5	7.4	2.8
1965	100	9.4	0.5	1.1	55.3	36.1	17.5	12.1	7.5	8.2	6.6	0.8	0.5	7.4	2.6
1966	100	11.2	0.4	0.8	54.2	35.3	16.8	11.9	7.4	7.3	7.0	0.8	0.4	7.6	3.0
1960-1966															
Total	100	10.1	0.5	1.2	59.2	39.2	18.3	13.1	6.1	6.2	5.0	0.7	0.4	6.5	4.1

Source: UN, *Monthly Bulletin of Statistics*, June 1963, 1965, 1967;
UN, *Yearbook of International Trade Statistics*, 1962, 1963.

^a Including Yugoslavia.

Table 16. Indices of African imports (f.o.b.) from principal markets, 1960—1966 (based on value)

Year	World	USA	Canada	Latin America	Western Europe				Eastern Europe	Japan	Developing Asia	China, People's Rep.	Australia, New Zealand	Developing Africa	Rest of world
					Total ^a	EEC	EFTA	UK							
1960	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1961	102	125	115	100	94	92	100	100	142	112	118	117	115	99	119
1962	98	166	111	123	86	81	95	95	140	92	121	130	135	101	114
1963	106	156	107	133	94	89	103	93	172	133	116	143	110	103	101
1964	118	187	137	218	97	91	108	102	179	166	235	193	175	154	69
1965	130	171	159	142	105	99	117	109	248	229	273	213	185	168	70
1966	132	204	137	100	104	98	113	107	248	205	290	227	150	176	80

Source: UN, *Monthly Bulletin of Statistics*, June 1963, 1965, 1967;
UN, *Yearbook of International Trade Statistics*, 1962, 1963.

^a Including Yugoslavia.

regards exports from all major suppliers to all developing countries, the African import share generally declined between 1960 and 1966, although it increased from 6.9 per cent to 9.2 per cent in the case of the United States, from 27.2 per cent to 27.9 per cent for the United Kingdom, and from 14.3 per cent to 14.6 per cent for Japan. Africa also continued to be the principal market for its own exports to developing areas, and its share increased from 57.7 per cent in 1960 to 61.8 per cent in 1966, although this increase occurred in a somewhat fluctuating manner. By 1966, Africa still remained a market for almost one-third of Western European exports to the developing areas, although the African share decreased from 36.8 per cent in 1960 to 32.4 per cent in 1966. This

was caused mainly by a sizable relative decline in African imports from the EEC. (See Table 17.)

The commodity breakdown of exports in Table 18 yields slightly lower over-all totals for the three geographic groupings, the world, developing countries, and developing Africa, than those presented in the previous tables. However, the differences are small, and the proportional picture is almost identical. Contrary to the situation for all developing countries taken together, the African share in world exports increased slightly during the period 1960-1965. However, if petroleum exports are excluded, the African share decreased from 4.3 per cent to 3.7 per cent, a decrease which is relatively greater than that of the developing countries taken together.

Table 17. Percentage share of African imports of exports (f.o.b.) to world and to all developing countries, by principal suppliers, 1960-1966
(Code: A = total exports in \$ million; B = exports to developing countries in \$ million;
C = African import share of A in per cent; D = African import share of B in per cent.)

Year	World				United States				Canada			
	A	B	C	D	A	B	C	D	A	B	C	D
1960	127,510	28,530	4.9	22.0	20,380	6,510	2.2	6.9	5,550	425	0.5	6.4
1961	133,250	29,470	4.8	21.7	20,750	6,610	2.7	8.5	5,810	470	0.5	6.6
1962	140,860	29,600	4.4	20.8	21,420	6,970	3.5	10.7	5,930	420	0.5	7.1
1963	153,330	31,470	4.3	21.1	23,100	7,330	3.0	9.6	6,460	510	0.4	5.7
1964	172,200	35,270	4.3	21.0	26,280	8,870	3.2	9.5	7,680	610	0.5	6.1
1965	186,310	37,560	4.4	21.7	27,190	8,920	2.8	8.6	8,110	600	0.5	7.2
1966	203,200	40,790	4.1	20.2	30,010	9,980	3.3	9.2	9,550	730	0.4	5.1

Year	Eastern Europe				Japan				China, People's Rep.			
	A	B	C	D	A	B	C	D	A	B	C	D
1960	12,980	860	1.9	28.6	4,050	2,050	7.3	14.3	2,040	400	1.5	7.5
1961	14,120	1,390	2.4	25.2	4,240	2,220	7.7	14.7	1,520	360	2.3	9.7
1962	15,750	1,530	2.2	22.5	4,920	2,250	5.5	12.0	1,640	540	2.4	7.2
1963	16,980	1,840	2.5	23.0	5,450	2,550	7.2	15.3	1,680	640	2.6	6.7
1964	18,400	1,890	2.4	23.3	6,670	2,990	7.3	16.2	1,870	760	3.1	7.6
1965	19,710	2,090	3.1	29.2	8,450	3,640	7.9	18.4	2,000	840	3.2	7.6
1966	20,900	2,260	5.6	27.0	9,780	4,120	6.1	14.6	2,160	920	3.1	7.4

Year	Western Europe															
	Total ^a				EEC				EFTA				UK			
	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D
1960	51,240	11,630	8.3	36.8	29,730	6,750	9.9	43.8	18,220	4,530	6.7	27.0	9,950	3,350	9.2	27.2
1961	54,870	11,720	7.4	34.5	32,320	6,750	8.5	40.5	19,090	4,600	6.4	26.5	10,310	3,400	8.8	26.8
1962	57,950	10,970	6.3	33.5	34,200	6,170	7.0	40.8	20,030	4,370	5.8	26.5	10,620	3,160	8.1	27.4
1963	63,260	11,320	6.4	35.7	37,550	6,390	7.0	41.4	21,770	4,520	5.8	27.9	11,420	3,260	7.4	25.9
1964	71,180	12,050	5.8	34.3	42,560	6,870	6.3	39.3	24,050	4,700	5.5	28.0	12,360	3,340	7.5	27.8
1965	79,010	13,040	5.7	34.6	47,900	7,480	6.1	39.3	26,100	5,020	5.5	28.5	13,230	3,510	7.5	28.2
1966	86,360	13,810	5.2	32.4	52,680	7,990	5.5	36.4	28,000	5,110	5.0	27.2	14,120	3,510	6.9	27.9

Year	Australia, New Zealand				Developing Asia				Developing Africa				Latin America			
	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D
1960	2,907	384	0.7	5.2	13,050	...	...	...	5,239	620	6.8	57.7	8,610	1,540	0.7	4.2
1961	3,170	424	0.7	5.4	13,390	...	...	...	5,330	615	6.6	57.6	8,670	1,500	0.7	4.2
1962	3,140	440	0.9	6.1	13,680	...	...	...	5,550	665	6.5	54.1	9,150	1,560	0.9	5.1
1963	3,700	500	0.8	5.6	14,540	...	...	...	6,230	710	5.9	52.1	9,730	1,700	0.9	5.0
1964	4,110	550	0.9	6.4	14,930	4,140	3.1	11.3	7,280	910	7.6	60.4	10,600	2,010	1.3	7.0
1965	3,970	600	0.9	6.2	15,800	4,290	3.4	12.6	7,770	920	7.7	65.2	11,060	2,130	0.8	4.3
1966	4,180	680	0.7	4.4	16,880	4,540	3.4	12.7	8,330	1,020	7.6	61.8	11,570	2,170	0.6	2.9

Source: IMF, *Direction of Trade Annual*, 1958-1962, 1960-1964;
UN, *Monthly Bulletin of Statistics*, June 1963, 1965, 1967;
ECA secretariat.

^a Including Yugoslavia.

Table 18. Exports by commodity groups for the world, developing countries, and developing Africa, 1960 and 1965

(Code: A = World; B = Developing countries; C = Developing Africa)

Commodity and source	SITC section	Value (\$ million)		1965 Index (1960 = 100)	Average annual compound rate of growth (per cent)	Share in total exports of own geographic area (per cent)		Share of world exports of commodity (per cent)	
		1960	1965			1960	1965	1960	1965
Food, beverages and tobacco	0,1								
A		22,270	30,980	139	6.8	17.7	16.9	100.0	100.0
B		8,070	10,370	129	5.2	29.7	28.6	36.2	33.5
C		1,758	2,250	128	5.1	35.0	29.5	7.9	7.3
Raw materials	2,4								
A		21,320	24,740	116	3.0	16.9	13.5	100.0	100.0
B		7,640	8,240	108	1.5	28.1	22.7	35.8	33.3
C		2,155	2,390	111	2.1	42.9	31.3	10.1	9.7
Fuels	3								
A		12,650	17,900	142	7.3	10.0	9.8	100.0	100.0
B		7,650	11,300	148	8.2	28.1	31.2	60.5	63.0
C		211	1,590	754	49.8	4.2	20.8	1.7	8.9
Primary commodities	0-4								
A		56,240	73,620	131	5.6	44.7	40.2	100.0	100.0
B		23,360	29,910	128	5.1	85.9	82.5	41.5	40.6
C		4,124	6,230	151	8.6	82.0	81.6	7.3	8.5
Primary commodities, excluding fuels	0,1,2,4								
A		43,590	55,720	128	5.1	34.6	30.4	100.0	100.0
B		15,710	18,610	118	3.4	57.8	51.3	36.0	33.4
C		3,913	4,640	119	3.5	77.8	60.8	9.0	8.3
Manufactures	5-8								
A		69,710	109,620	157	9.4	55.3	59.8	100.0	100.0
B		3,840	6,350	165	10.5	14.1	17.5	5.5	5.8
C		903	1,401	155	9.2	18.0	18.4	1.3	1.3
Total exports, excluding fuels	0-2, 4-8								
A		113,300	165,340	146	7.9	90.0	90.2	100.0	100.0
B		19,550	24,960	128	5.1	71.9	68.8	17.2	15.1
C		4,816	6,041	125	4.6	95.8	79.2	4.3	3.7
Total exports	0-8								
A		125,950	183,240	145	7.7	100.0	100.0	100.0	100.0
B		27,200	36,260	133	5.9	100.0	100.0	21.6	19.8
C		5,027	7,631	152	8.7	100.0	100.0	4.0	4.2

Source: UN, *Monthly Bulletin of Statistics*, March 1964 and March 1967; National trade statistics.

The key place of primary commodities³ in African exports was almost unchanged in 1965 as compared

³ SITC section 0-4. This simplified definition is used because of the availability of data on this basis, which enables certain broad comparisons with other developing countries and the rest of the world. It must be kept in mind that this classification does not reflect accurately the division between primary commodities and semi-manufactured and manufactured products. This analysis by SITC sections can be considered only as an approximation to changes in the structure of exports. African dependence on exports of primary commodities is considerably greater than would appear from the simplified classification, so that while by Table 18 the share of primary commodities in African exports appears to be lower than that for all developing countries, the contrary may be the case.

with 1960, falling slightly from 82.0 per cent in 1960 to 81.6 per cent in 1965. During the same period, the corresponding share of primary commodities in total exports of all developing countries decreased from 85.9 per cent to 82.5 per cent.

Despite the significant rise in the value of petroleum exports from Africa between 1960 and 1965, they remained in third place in the ranking of the three main component primary commodity groups. Raw materials were first in both years, and food, beverages and tobacco were second. For the developing countries as a whole, the 1960 ranking was food, beverages and tobacco followed by fuels, which had a very slight margin over raw materials.

By 1965 fuels had assumed first place for these countries, followed by food, beverages and tobacco and raw materials. For the world as a whole, in both 1960 and 1965 the order was food, beverages and tobacco followed by raw materials and fuels. The changes in the shares of the three primary commodity groups in total exports were all in the same direction for Africa and all developing countries, although in all three cases the changes for Africa were much more marked. The share of food, beverages and tobacco went down in both cases, but much more for Africa. The share of raw materials also diminished in both cases, though more for Africa. Finally, the significance of fuels rose in both cases, but greatly in the case of Africa. For the world as a whole, the shares of all three primary commodity groups dropped in total exports between 1960 and 1965, although the relative decreases for food, beverages and tobacco and fuels were small.

The 1965 indices of the growth of African exports with 1960 taken as base year show that fuels exports increased greatly, with an index of 754. Manufactured goods were next, with an index of 155, an encouraging development. Food, beverages and tobacco had an index of 128, and raw materials showed the lowest proportional increase, with an index of 111. African indices were below the world indices with the exception of fuels and exceeded the indices for all developing countries on fuels and raw materials while being lower for manufactures and only slightly lower for food, beverages and tobacco. As previously observed, the relative weight of total African exports in the world total was very small. This was also true for the broad groups of commodities, but it should be noted that the share of African manufactures in world exports was particularly marginal,⁴ 1.3 per cent in both 1960 and 1965, compared with 7.3 per cent in 1965 for the next lowest commodity category, food, beverages and tobacco, and 4.2 per cent for the total of African exports in world exports in 1965. The developed economies were the major exporters not only of manufactures, but also of food, beverages and tobacco and raw materials in 1960 and 1965. Only in exports of petroleum were developing countries the main world supplier, while their exports of food, beverages and tobacco and raw materials in 1965 represented about one-third of the world total and had dropped somewhat from the 1960 position. In world exports of manufactures, the share of developing countries was marginal, representing 5.5 per cent of the world total in 1960 and 5.8 per cent in 1965.

The aggregate data indicate a high level of export dependence on primary commodities for Africa. As could be expected, the same was true for most individual African countries. However, if certain singly processed products, e.g., unwrought metals

⁴ Especially considering that under the definition of SITC sections 5-8, they comprise all unwrought metals in section 6 as well as a substantial amount of probable re-exports in section 7 and some in section 8.

and diamonds, are considered as primary commodities, then the dependence of African countries on primary commodities becomes even much greater. Table 19 gives an idea of the dependence of African countries on major categories of primary commodities and reveals that only the United Arab Republic and Rhodesia are excluded from 75 per cent or more export dependence on one or two major commodity groups. (Data on Reunion and Swaziland did not permit inclusion in this facet of study.)

Table 19. African countries dependent on one or two major commodity groups for 75 per cent or more of exports, 1965^a

<i>Dependence on one commodity group</i>	<i>Dependence on two commodity groups</i>
<i>Raw materials</i>	<i>Food, beverages and tobacco, raw materials</i>
Botswana	Angola
Chad	Burundi
Congo (Brazzaville)	Cameroon
Congo (Kinshasa)	C. Afr. Rep.
Dahomey	Ghana
Gabon	Ivory Coast
Gambia	Kenya
Guinea	Mali
Lesotho	Morocco
Liberia	Rwanda
Mauritania	Senegal
Niger	Sudan
Sierra Leone	Tanzania
Zambia	Togo
<i>Food, beverages and tobacco</i>	Tunisia
Ethiopia	Uganda
Madagascar	Upper Volta
Malawi	<i>Fuels, food, beverages and tobacco</i>
Mauritius	Algeria
Mozambique	
Somalia	
<i>Fuels</i>	<i>Raw materials, fuels</i>
Libya	Nigeria

Source: ECA secretariat and national trade statistics.

^a Or latest available data.

Among countries dependent to the extent of 75 per cent or more on one commodity group, most were dependent on raw materials exports, of both agricultural and mineral origin. Countries relying on a combination of food, beverages and tobacco and raw materials exports were numerous. Of those listed in Table 19, Senegal, Sudan, Tanzania, Togo, and Tunisia relied more heavily on raw materials, while the others depended more on food, beverages and tobacco exports. In terms of specific commodities, most African countries relied predominantly on one, two, or three export commodities. In some cases, the degree of dependence on one commodity was strikingly high. For example, in 1965 petroleum accounted for more than 99 per cent of the value of Libyan exports, iron ore for more than 97 per cent of Mauritanian exports, copper for more than 91 per cent of Zambian exports, cotton for more than 77 per cent of exports from Chad, and coffee for 73 per cent of exports from Burundi.

The growth of African exports by commodity groups and markets was uneven during 1960-1965. The most impressive absolute increase was in African exports of mineral fuels to developed market economies, which also absorbed sizable increases in the value of African exports of manufactured goods, SITC sections 6 and 8, food, beverages and tobacco, and, to a lesser extent, crude materials, excluding fuel. However, since developing economies and centrally planned economies have been much smaller markets for African exports, it is not surprising that some categories of exports jumped considerably in a relative sense for these markets. Thus, the export of machinery and transport equipment, SITC section 7, to developing economies⁵ showed the largest relative increase for African exports, more than double the relative increase for mineral fuels exports to developed market economies, which was in second place in terms of relative increase. The developing economies were also the market for the third and fourth largest relative increases for African exports, the mineral fuels and chemicals commodity groups, respectively. The centrally planned economies absorbed the next largest relative increases of commodity group exports by market, more than doubling their imports from Africa of food, beverages and tobacco, chemicals, and manufactured goods, SITC sections 6 and 8, between 1960 and 1965, although the value of chemicals had a very low base in 1960.

There were pronounced differences in the commodity composition of African exports to each of the three main groups of countries. In exports to developed market economies, crude materials excluding fuels occupied the leading position both in 1960 and 1965, followed by food, beverages and tobacco, but the shares of both categories, especially crude materials, fell by 1965, because mineral fuels had by then become the third leading category and was not far behind the other two commodity groups. For the centrally planned economies, mineral fuels imports from Africa were negligible, since these were supplied almost exclusively from within their own market area. The main characteristic of African exports, in terms of value, to centrally planned economies was the degree of dependence on crude materials, 77 per cent of total exports in 1960 and 61 per cent in 1965, and the considerable increase in the share of food, beverages and tobacco between 1960 and 1965, from 13 per cent to 23 per cent. Food, beverages and tobacco constituted the major category in African exports to all developing countries, and its share appeared stable over the 1960-1965 period. Crude materials, excluding fuels, were in second position in both years, but their export fell both in absolute and relative terms for the developing economies, dropping from 32.9 per cent in 1960 to 23.5 per cent in 1965. Manufactured goods, SITC sections 6 and 8, occupied third position in terms of value of African exports to the developing economies. The

developed market economies were throughout the period under consideration by far the largest outlet for African exports, their share varying between 77 and 95 per cent of the total value of each of the major commodity exports of Africa in 1965, although for the two commodity groups of distinctly lesser importance in African exports, chemicals and machinery and transport equipment, the developed market economies absorbed lesser proportions, 54 per cent and 34 per cent, respectively.

African exports were marginal as a share of total imports of the three market groups, ranging from 2 per cent to 5 per cent in both 1960 and 1965. In both years, the small percentage share was highest for the developed market economies, followed by the centrally planned economies and all developing countries. However, the proportions of African imports by individual commodity groups varied significantly within each of the three country groups. In 1965, in the case of developed market economies, imports from Africa exceeded 11 per cent of total mineral fuels imports, while they represented almost 10 per cent of crude materials, excluding fuels, and over 8 per cent of total imports of food, beverages and tobacco. For other commodity groups, the range was from 0 to 3 per cent. For the centrally planned economies, imports from Africa exceeded 11 per cent of total crude materials imports, but were between 0 and 4 per cent for all other commodities. The significance of African supplies in total imports of all developing regions ranged from 0 to 8 per cent, with the highest proportion being crude materials, excluding fuels, followed by food, beverages and tobacco. There was considerable difference in the direction of change of the importance of African commodity exports as a share of imports for the market groups to which they were directed. The African share of total imports increased from 1960 to 1965 for all commodity groups exported to the centrally planned economies, while it declined for almost all commodity groups exported to the developed market economies. The only real exception was mineral fuels, which showed a notable rise. The position of African exports to all developing countries was much like that to the centrally planned economies, with rises as a proportion of total imports for all commodities except crude materials (excluding fuels), which experienced a relative decline, and other manufactured goods, where the relative proportion of African exports remained the same. The proportion of imports from developing Africa in total imports from all developing regions was highest in 1965 in the markets of the centrally planned economies, 24.4 per cent, although in 1960 it had been 31.4 per cent. The corresponding shares in imports of developed market economies and all developing countries were 23.7 per cent and 10.7 per cent, respectively, for 1965. In both the latter cases, these were somewhat higher proportions than in 1960.

Data for 1961 and 1965 on the commodity composition of African exports to EEC and EFTA,

⁵ Though it is believed that much of this may be due to re-exports within Africa.

the two principal African markets, are presented in Table 20. In 1965, African fuels and crude materials, in that order, played the largest role for African exports as a per cent of total EEC and EFTA imports of particular commodities. African food, beverages and tobacco were also important in total EEC imports of this commodity group. In terms of absolute values, the EEC was the leading importer of all the major categories of African exports, although between 1961 and 1965 EFTA showed larger relative increases for some commodity groups, partly because of the lower base of their imports in 1961. Comparable data for African exports to the United States show that African food, beverages and tobacco played the largest role as a per cent total imports by commodity, representing 9.0 per cent of all such imports by the United States in 1965. It also was the leading item for U.S. imports from Africa in terms of absolute value.

African imports differ considerably from exports. Africa must import most industrial goods, such as machinery, transport and other productive equipment, and most durable and non-durable consumer goods. The share of basic materials and mineral fuels in imports is low. It is striking, however, that food, beverages and tobacco remain significant in African imports, despite the predominantly agricultural character of African economies. Generally narrow agricultural specialization, low levels of productivity, and insufficient food-processing industries largely account for this.

The major changes in the composition of African imports from 1960 to 1965 occurred in industrial processed goods, as the share of machinery and transport equipment went up considerably while other manufactures, SITC sections 6 and 8, decreased significantly as a relative share. This would indicate

Table 20. Commodity composition of African exports to EEC and EFTA, 1961 and 1965

Market and commodity	SITC section	Value						Market share of total African export of given commodity (per cent)		Share of market total import of given commodity (per cent)			
		(\$ million)		(index)		(per cent)		1961	1965	1961	1965		
		1961	1965	1961	1965	1961	1965						
EEC													
Total exports - - -	0-9	2,450	3,490	100	142	100.0	100.0	46.0	44.9	8.0	7.4		
Food, beverages, tobacco -	0,1	880	920	100	105	35.9	26.4	47.6	40.9	16.0	11.0		
Crude materials, excluding fuels - -	2,4	860	1,040	100	121	35.1	29.8	41.1	43.5	14.1	14.0		
Mineral fuels - - -	3	345	1,040	100	301	14.1	29.8	80.2	65.4	11.0	21.8		
Chemicals - - -	5	27	19	100	70	1.1	0.5	42.2	21.1	1.6	0.6		
Machinery, transport equipment - - -	7	6	6	100	100	0.2	0.2	28.6	11.8	0.1	0.1		
Other manufactured goods -	6,8	330	440	100	133	13.5	12.6	42.0	34.9	4.2	3.3		
EFTA													
Total exports - - -	0-9	1,180	1,550	100	131	100.0	100.0	22.1	19.9	5.3	5.3		
Food, beverages, tobacco -	0,1	330	365	100	111	28.0	23.5	17.8	16.2	6.8	6.4		
Crude materials, excluding fuels - -	2,4	485	430	100	89	41.1	27.7	23.2	18.0	9.1	10.8		
Mineral fuels - - -	3	40	325	100	813	3.4	20.9	9.3	20.4	1.9	11.7		
Chemicals - - -	5	8	13	100	163	0.7	0.8	12.5	14.4	0.7	0.7		
Machinery, transport equipment - - -	7	—	1	—	...	—	0.1	—	4.8	—	0.0		
Other manufactured goods -	6,8	275	415	100	151	23.3	26.8	34.0	33.7	4.8	5.1		

Source: UN, *Monthly Bulletin of Statistics*, March 1967.

Table 21. Composition of African imports, 1960—1965 (per cent)

Year	Total imports (0-9)	Food, beverages, tobacco (0,1)	Basic materials (2,4)	Mineral fuels (3)	Chemicals (5)	Machinery, transport equipment (7)	Other manufactures (6,8)
1960	100.0	17.8	4.8	7.4	7.3	25.3	36.0
1961	100.0	18.7	4.1	8.2	6.9	27.2	32.1
1962	100.0	19.2	4.9	7.9	7.2	26.6	31.2
1963	100.0	17.5	4.3	6.9	7.2	30.6	31.0
1964	100.0	17.7	4.9	6.1	7.0	31.2	30.9
1965	100.0	16.5	4.5	5.6	7.5	34.3	30.0

Source: UN, *Monthly Bulletin of Statistics*, March 1967; ECA secretariat.

a basically sound tendency, although a high share of passenger vehicles, which are consumer goods, are included as transport equipment. Among the other commodity groups, the relative share of mineral fuels noticeably decreased. (See Table 21.) With respect to individual African countries, for the period 1960-1965 (or 1964, in several cases where 1965 data were not available), 27 of 32 African countries showed an increase in the share of machinery and other equipment, excluding transport equipment, in total imports. Only five countries, Mauritania, Senegal, Upper Volta, Dahomey, and Kenya, experienced a reverse trend, which in the case of Mauritania was due to a heavy concentration of investments over a relatively short period. The share of machinery and other equipment, excluding transport equipment, was about 18 per cent of African imports in 1960 and 20 per cent in 1965. In 1965, the number of countries with machinery and other equipment as 25 per cent or more of total imports was greater than in 1960, and the number of countries with 14 per cent or less of such imports as a share

of their total imports had decreased. It thus appears that over recent years increased imports of investment goods occurred in the structure of imports of a number of African countries. On the other hand, these investments were probably considerably below the optimal level and generally fluctuated within a narrow range.

Since the production of most African countries is based predominantly on local materials, the share of imported basic materials was generally negligible, amounting in 1965 (or 1964 in some cases) to only about 2 per cent of total imports for 16 of 32 countries. The share of food in total African imports decreased somewhat from 1960 to 1965, but not enough so that the burden of such imports was sufficiently reduced on the balance of payments position of many nations. According to the latest available figures, the share of food in imports exceeded 25 per cent for eight of 32 African countries. On the other hand, only three countries recorded less than a 10 per cent share of food in total imports.

Chapter 4

EXPORTS OF PRIMARY COMMODITIES¹ AND SEMI-MANUFACTURED AND MANUFACTURED PRODUCTS

The document presented by the ECA to UNCTAD II on the export of primary commodities has been included in very much the same form in *A Survey of Economic Conditions in Africa*, 1967 (E/CN.14/409). Therefore, only the introductory portion and the concluding section on policy considerations are included here, along with the brief comments and accompanying tables on tariff and non-tariff barriers to African exports of primary commodities, which do not appear in the *Survey*.

Primary commodities

The simplest and most compelling reason for paying special attention to primary commodity exports lies in the present importance of these commodities in the total exports and output of Africa, both for a large number of individual countries and, consequently, for developing Africa as a whole. In the longer run the main policy objective of the developing countries in Africa is to secure significant increases in productivity and income by means of economic transformation. As a result, the main focus in a discussion of primary commodity trade must be on how it can contribute to the desired transformation.

Information on the ratio of primary exports to GDP for 23 African countries in 1965 is given in Table 22. Primary products made a considerable direct contribution to GDP in all 23 countries for which data were available. In no country was the ratio of primary exports to GDP below 7.9 per cent; in 19 countries it was more than 10 per cent; in

seven countries it was over 25 per cent; and in two countries, Libya and Zambia, it was over 50 per cent.

The impact of primary commodity exports on the general growth of the economy comprises a direct effect, which can be measured by the proportion of primary exports in total output together with their growth rates, and indirect effects, which depend partly on the linkages between the primary exports and other sectors of the economy and partly on the impact of the growth of primary exports on the social structure, the quality of the labour force, and the magnitude of induced social expenditure. It may, however, be doubted that an increase in African primary exports stimulates much growth

Table 22. Total exports and primary exports as proportions of GDP for selected African countries, 1965 (per cent)

Country	Proportion of GDP	
	Total exports	Primary exports ^a
Libya - - - - -	66.6	60.0
Zambia - - - - -	62.1	55.9
Gabon - - - - -	46.6	41.9
Mauritius - - - - -	34.2	30.8
Congo (Kinshasa) ^b - - - - -	30.4	27.4
Liberia ^c - - - - -	28.9	26.0
Uganda - - - - -	28.7	25.8
Ivory Coast - - - - -	27.6	24.8
Sierra Leone - - - - -	24.2	21.8
Tanzania (Tanganyika) - - - - -	24.2	21.8
Ghana - - - - -	21.1	19.0
Central African Republic ^b - - - - -	19.2	17.3
Senegal - - - - -	18.9	17.0
Morocco - - - - -	16.5	14.9
Nigeria ^c - - - - -	16.4	14.8
Togo - - - - -	16.3	14.7
Sudan - - - - -	14.4	13.0
Kenya - - - - -	14.3	12.9
Tunisia - - - - -	12.5	11.3
Chad ^c - - - - -	10.8	9.7
Niger - - - - -	10.4	9.4
UAR ^b - - - - -	11.3	9.0
Ethiopia ^c - - - - -	8.8	7.9

Source: UN, *Monthly Bulletin of Statistics*, October 1967.

^a Taken as 90 per cent of total exports, except in the case of the UAR, for which a figure of 80 per cent was taken to allow for the higher share of manufactured goods in total exports.

^b 1964. ^c 1963.

¹ It is difficult to determine where to draw a line between primary and other products. The United Nations Statistical Office and UNCTAD have produced a joint paper (TD/B/C.2/3) which, on the basis of definitions to be found in the Havana Charter and other considerations, attempts a classification of commodities into primary, semi-manufactured, and manufactured products. The present Chapter attempts to follow this classification, but to preserve continuity with earlier work by the ECA and to reflect some underlying doubts about the only tentative UNCTAD classification, a number of items from the proposed lists of semi-manufactured and manufactured products have been added back to the primary category here. These are wood, roughly shaped or worked, SITC No. 243; unwrought metals included in SITC Nos. 681 to 687, except 684; SITC No. 688; and precious stones, SITC No. 667, on the grounds that most of such exports from Africa comprise uncut diamonds.

beyond that resulting from their direct contribution to a higher domestic output. The backward and forward linkage effects of peasant agriculture and mining activities in developing Africa are generally weak. Expatriate remittances and consumption patterns lessen the impact of increased exports by the mining industries. Historically, it may be judged that the rates of growth of national income associated with export expansion have not been impressive, since income levels in Africa still remain very low after more than a half-century of relatively rapid growth of exports of primary commodities.

In the present situation, African earnings from primary commodity exports and their impact on the economy could be increased, perhaps very significantly, if the commodities were to undergo more processing before export. Arranging this is partly a question of domestic policy, but to a large extent it is also a matter of tariff policy in the developed market economies, the principal markets for these exports. As a rule, the tariff structure in these economies is such that rates of duty vary directly with the degree of processing. Therefore, primary products have an easier passage into the developed market economies than the same commodities in more processed forms. African countries have the difficult task of trying to maximize export earnings from primary commodities while attempting to diversify their economic structures and exports in the face of considerable obstacles in the major markets. At present, a relatively small number of primary commodities account for a high proportion of total export earnings, and these same commodities loom large in the export structure of many individual African countries. These commodities are overwhelmingly exported to the developed market economies.

Tariff and non-tariff barriers to African exports of primary commodities

Comprehensive tables showing pre- and post-Kennedy Round tariffs and non-tariff restrictions on selected African primary commodities imported into the EEC countries, the United Kingdom, the United States, and Japan are presented in Chapter 5. Therefore, only a brief summary and a general evaluation of the post-Kennedy Round situation are presented here with respect to some of the leading African primary exports, without going into the question of the extent of the reductions made.

Where a range of tariffs applies to one product, in Tables 23, 24, and 25², only those rates which appear to be relevant to Africa are shown or included, whenever this is ascertainable. The preferential arrangements in the EEC and the United Kingdom are taken into account. Since as of 1 July 1968 all imports into the EEC from the Associated African

² For the information in these tables, the same sources as those mentioned in the introductory portion of Chapter 5, the more thorough examination of tariffs, have been drawn upon.

Table 23. Primary commodity tariffs^a and non-tariff restrictions^b in four major import markets (per cent, unless otherwise noted)

Primary commodity	EEC	United Kingdom	United States	Japan
<i>Agricultural commodities:</i>				
<i>Foodstuffs</i>				
<i>or mainly edible:</i>				
Coffee - - -	13	5—10 4s.8d — 14s/cwt	0	0
Cocoa - - -	5.4	0	0	0
Groundnuts - -	0	10	32.8	0—20
Oranges - - -	15—20	5—7	16.7	20—40
Sugar - - -	80	10.7	10.1—12.3	52—76
	GQ(B,G),L(I)		Q	GQ
Bananas - - -	20	12.6	0	70
	CQ(I)			
Palm oil - - -	0—14	10	0	8
	Q(G)			
Tea - - -	9—11.5	0	0	0—35
				GQ
Groundnut oil -	10—20	15	4c/lb	20
	Q(G)		Q	GQ
<i>Raw materials:</i>				
Raw cotton - -	0	0	8.1	0
Sisal - - -	0	0—8	0—5	0
Hides and skins -	0	0	0	0
Petroleum - - -	0	3s.3d/gal.	4.5	13
	Q(F)		Q	
<i>Minerals:</i>				
Copper - - -	0	0—5	2.8(0) ^c	2.5—8.5
Iron ore - - -	0	0	0	0
Natural phosphates	0	0	0	0
Tin and alloys -	0	0	0	0
Bauxite - - -	0	0	0	0
<i>Forest products:</i>				
Wood in rough or roughly squared	0	0	0	0

^a Generally *ad valorem*, except specific in a few cases.

^b Code: Q = import quota restriction; CQ = import restrictions under global quota; L = licensing requirements (generally liberal); (B) = Belgium; (F) = France; (G) = Germany; (I) = Italy.

^c Duty suspended until 30 June 1968.

and Malagasy States (AAMS), and probably from Algeria, will enter duty-free, the value of imports from these countries is taken to belong in this category. The exports of Morocco and Tunisia generally enjoy privileged treatment in the French market and are taken to belong in the duty-free category, but not in the markets of the other EEC countries. However, the implications of the common agricultural policy of the EEC are not taken into explicit account here but must be kept in mind in connexion with the following analysis.

Tables 23, 24, and 25 concern the basis of entry of certain leading African primary commodities into main developed market economy countries. It is observed that in the four markets for the commodities under consideration, there are no tariffs on the minerals, except for copper, on wood in the rough, and hides and skins. There are duties on petroleum except for the EEC, but here France has non-tariff restrictions. Besides duty, the United States has non-tariff restrictions as well. Tariffs

Table 24. Entry of imports ^a of leading African primary products into four major markets, 1965 (\$ million)
(Code: F = free; D = dutiable)

Primary commodity	AAMS ^b	Algeria	EEC		Others	D	United Kingdom			United States		Japan	
			Morocco, Tunisia				Common-wealth	Others		F	D	F	D
			F	D				F	D				
Agricultural commodities:													
Foodstuffs or mainly edible:													
Coffee - - -	135.7					84.5	24.3		5.5	245.6		4.5	
Cocoa - - -	82.7					75.7	37.4	1.1		83.5		10.6	
Groundnuts - - -	60.7				74.5		13.8		1.2			1.8 ^c	
Oranges - - -		31.8	51.1	22.6		0.1	0.2		3.4				
Sugar - - -	34.6		0.1	0.3		2.0	62.3		0.3		4.0		
Bananas - - -	70.9					6.1	0.3		1.2				
Palm oil - - -	40.3						16.0			0.3			
Tea - - -	0.2					2.9	2.5	8.2		6.6			
Groundnut oil - -	9.4					4.8	22.2						
Raw materials:													
Raw cotton - - -	27.8	0.3	0.2		94.6		5.9	22.2			7.1	34.6	
Sisal - - -	4.4		0.5		26.6		15.0				3.6 ^c	3.0	
Hides and skins -	6.5	4.5	0.1		18.5		6.2	2.7		8.9		0.2	
Petroleum - - -	19.7	396.7	35.1		737.5		131.7		215.2		51.2		
Minerals:													
Copper - - -	193.1		1.6		175.3		196.6	2.4 ^c	1.7 ^c	1.9 ^c			62.7
Iron ore - - -	49.6	13.6	7.9		128.3		5.9	55.0		22.1		15.1	
Natural phosphates -	17.0	0.8	37.1					19.4		0.4		12.5	
Tin and alloys - -	5.1		43.5		5.0		22.3			7.7			
Bauxite - - -					2.9		3.8						
Forest products:													
Wood in rough or roughly squared	154.1				34.1		10.8	7.3		1.4		0.7	

^a Only values of at least \$0.1 million are shown.

^b Associated African and Malagasy States.

^c The allocation between free and dutiable is estimated.

on raw materials of agricultural origin do not exist in most cases, and where they do, they are moderate. Thus, for raw materials of both agricultural and mineral origin, tariffs are a small problem, and non-tariff restrictions do not exist. Foodstuffs experience prevalent tariffs and non-tariff restrictions, and in some cases the tariffs are very high, especially for sugar, and non-tariff restrictions are significant.

In terms of the value of imports of the listed commodities in 1965 into the four main markets, 93.4 per cent of such imports into the EEC belong to the duty-free category. The corresponding proportions are 75.3 per cent for the United Kingdom, 85.2 per cent for the United States, and 57.0 per cent for Japan. However, a few significant deviations from these averages can be observed with respect to the component commodity groups. Thus, duty-free entry is only 74.8 per cent for foodstuffs in the EEC; 45.4 per cent for agricultural raw materials in the United States; 38.0 per cent for petroleum in the United Kingdom; and 30.6 per cent for minerals in Japan. Thus, while tariffs on African exports of primary commodities to main developed market economies are generally considerably lower than on exports of semi-manufactured and manufactured products from the region, as will be seen presently,

and often do not exist, they still constitute a considerable obstacle to market penetration, particularly for certain foodstuffs in some of these markets. Also, non-tariff restrictions on foodstuffs are prevalent and in some cases may be an even greater obstacle to African exports than the tariffs.

Policy considerations

With good reason, the discussion of African primary commodity exports has been focused on trade with developed market economies. In general terms, African exports of primary commodities to these economies fared reasonably well in the first part of the Development Decade, although it has been recognized that changes in this period were determined by many factors, not all of which may be expected to continue to operate in the future. However, even if the evidence were to be taken at face value, there would be no grounds for complacency, and it would still be necessary to recognize that determined policy action is required if African primary exports are to play their full part in African economic development.

As indicated earlier, African primary commodity exports as presently constituted can impart only a relatively weak impetus to general economic growth.

Table 25. Summary table of entry of leading African primary products into four major markets, 1965
(Code: F = free; D = dutiable)

Primary commodity	EEC		United Kingdom		United States		Japan	
	F	D	F	D	F	D	F	D
Agricultural commodities:								
Foodstuffs or mainly edible (\$ million)	-	592.0	188.3	11.6	336.0	4.0	16.9	
(per cent)	-	74.8	94.2	5.8	98.8	1.2	100.0	
Raw materials (\$ million)		184.1	52.0		8.9	10.7	37.8	
(per cent)	-	100.0	100.0		45.4	54.6	100.0	
Petroleum (\$ million)	-	1,189.0	131.7	215.2		51.2		
(per cent)	-	100.0	38.0	62.0		100.0		
Minerals (\$ million)	-	680.8	305.4	1.7	32.1		27.6	62.7
(per cent)	-	100.0	99.4	0.6	100.0		30.6	69.4
Forest products (\$ million)		188.2	18.1		1.4		0.7	
(per cent)	-	100.0	100.0		100.0		100.0	
All imports listed (\$ million)		2,834.1	695.5	228.5	378.4	65.9	83.0	62.7
(per cent)	-	93.4	75.3	24.7	85.2	14.8	57.0	43.0

A basic policy problem in Africa is therefore to diversify the export structure. For this, it is necessary that the developed market economies modify their tariff structures in order to make diversification easier by means of further processing of presently available commodities. Without this option for increasing export earnings, there is a temptation within existing climatic conditions and resource endowments for developing Africa to invest ever more resources to increase the volume of its existing primary commodity exports and to attempt to diversify simply by expanding the range of primary products. If such a policy is followed without discrimination or restraint, it can lead only to the disorganization of the markets for these commodities through over-supply, since the capacity of the African region to increase production is very great in relation to the rate of increase of world demand for many of these commodities. There is some evidence that this happened already in African and other developing countries between 1960 and 1965.

It is easy to understand the wish of individual developing countries to expand their export earnings by the most evident means available, and in the present disorganized state of international commodity trade some countries will be forced to pursue a beggar-my-neighbour policy. Also, the door must be left open for new producers to take over portions of the commodity trade where they possess marked natural and other cost advantages in relation to existing producers. Such expansion entails many problems. From the standpoint of the individual country it adds products to the export list which have no greater automatic impact on other domestic activities than those already on the list. From the standpoint of the developing countries as a whole, it often adds to the supply of products which are already confronting difficult demand conditions,

such as cocoa, coffee, and cotton. In the light of these circumstances, two things may be urged. First, the developed countries should do everything they can to maximize the export earnings of the developing countries within their present export structure. Second, a coherent and co-ordinated policy of export diversification for the developing countries as a whole is urgently needed.

While African exports, partly by fortuity and partly because of genuine competitiveness, have done quite well between 1960 and 1965, this should not be construed to mean that they could not or need not have been higher. Apart from tropical products, like coffee and cocoa, and a few minerals, such as manganese and tin, exports from developing Africa have to compete not only with exports from other developing countries but also with products from the developed market economies and the centrally planned economies. Many African primary commodities are faced with non-tariff barriers of one sort or another in their main markets. Some, like cocoa, are subject to fiscal taxes in consuming countries, and some, such as citrus fruits, tea, groundnuts, groundnut oil, crude petroleum, diamonds, and palm oil, are subject to varying rates of tariff duty, even after the Kennedy Round. Even though it is not possible to measure the precise effect on African export earnings by removal of the relevant tariffs, non-tariff barriers, fiscal taxes, and sheltered competition, it can be surmised from available facts that it would be far from negligible.

It may therefore be urged that the developed market economies be invited to agree to a timetable and to mechanisms for the dismantlement of all impediments to African exports. It may reasonably be pointed out that the developed countries, as a matter of considered policy, provide substantial

amounts of foreign aid to the developing countries. Whatever may be said of the magnitude of such aid, its avowed purpose is to promote economic growth in the developing countries. There would therefore seem to be something inconsistent about providing aid for development and at the same time condoning the continued existence of serious barriers to development for the developing countries.

One particularly troublesome form of competition for some African products is that afforded by synthetic materials. Rubber, cotton, and sisal are especially affected, and vegetable oils are affected to some extent by competition from synthetic detergents. It is not possible or desirable to police or try to deter technological progress. To some extent the adverse effects for Africa may be offset by increased promotional campaigns and by domestic efforts to increase the quality and lower the price of the relevant products. In some cases, it may prove possible to move the factors of production now engaged in producing the threatened commodities to alternative lines of production. Where this is so, a strong case may be made for international assistance, since in the absence of such assistance the developing African countries with a strong interest in the commodities in question would be asked to bear unaided the costs of structural transformation in the international economy. It is most difficult for any African or other developing economy to sustain such a burden, especially when its foreign exchange earnings are under the pressure of competition from synthetics.

As for commodities produced in substantial amounts in both developed and developing countries, e.g., sugar and vegetable oils, the fundamental problem derives from protectionist policies in the developed countries. Some additional difficulties may also be caused by inadequate supply in the exporting countries; emergence of low-cost production of identical products in some developed countries; or replacement of traditional exports from the developing countries by natural substitutes produced in the developed countries. Any policies to reduce the protection afforded to domestic producers in the developed countries have always come up against great resistance. African and other developing countries must continue to insist that the reduction of protection, if not its complete elimination, is the real test of the intentions of developed countries to decrease the gap between them and the developing countries and of their professed interest in a more rational international division of labour. The reduction of protection, especially for the most uncompetitive producers, on selected commodities of vital importance to African and other developing countries could be a start in this direction. (A prime example of a heavily subsidized sector is beet-sugar production.) Clearly, market-sharing arrangements would be a preferable solution. The costs of structural readjustments in the developed countries would certainly not be prohibitive, especially since only

a relatively small number of primary commodities would be involved, mainly sugar, cotton, vegetable oils and oilseeds, and certain minerals.

A comparison of the years 1960 and 1965 shows that African exports moved generally upward. However, export prices and earnings were liable to fluctuations during the period. It may be wondered if cross-sectional statistical studies are the appropriate technique for handling this question. The rates of growth of individual developing countries are the problem and not whether there is a correlation between the degree of export instability and the rates of growth when these countries are considered collectively. If, therefore, individual countries might have grown more rapidly in the absence of instability than in the face of it, then there would still be reason to presume that export instability presents a serious problem for the developing countries.

In a politically more flexible world, the stabilization of African export earnings might be subsumed in some grand policy design accepted by developed and developing countries alike. In the world as it is, the developing countries have been forced to place much of their hope in commodity agreements, even where these are recognized as imperfect instruments.³ Much progress has been made in defining the objectives of commodity agreements, and it is now recognized that these should be to induce stability in an upward trend of export earnings which is related to movements in import prices. Such objectives are difficult to achieve, and in practice there is still some tendency to focus attention on stabilizing prices within a specified range.

There can be no doubt that under appropriate conditions, the most important of which is an inelastic demand for the commodities in question over the relevant price range, the commodity agreements can result in higher export earnings than would accrue in their absence. For instance, on the evidence so far available, there is widespread belief that the International Coffee Agreement has helped developing coffee exporters as a group. There is hope that an international cocoa agreement will soon be obtained and that it will do for cocoa exporters what the International Coffee Agreement has done for coffee exporters. It has to be recognized, however, that even apart from questions of political will, the number of commodity agreements likely to be negotiated is small. It follows that many African countries may have to request considerably increased amounts of aid on appropriate and favourable terms in order to enable them to transform their economies successfully.

African exports are concentrated in the developed market economies. The share of the centrally planned economies in African exports is at present only around 8 per cent. Although it would thus

³ For a more extensive discussion of commodity agreements, see *The African Approach to the Second UNCTAD Conference* (E/CN.14/WP.1/12/Add.1).

require large increases in exports to these countries for a significant impact on the overall trends in the trade of the region, it is still important to consider the prospects for increasing African exports to the centrally planned economies. As incomes rise in these countries, it may be hoped that the demand for many African products will rise accordingly. Countries which operate a central planning mechanism are in a particularly favourable position deliberately to increase imports from Africa, should they wish to do so. Obviously, any such increase should be on terms at least as favourable to the African countries as they could obtain by selling their products in their present major markets. Also, the centrally planned economies should not insist on rigid barter agreements which might compel African countries to buy goods from them on less favourable terms than could be obtained elsewhere. If this means that the centrally planned economies must increase the trade flows among themselves and between them and the developed market economies in order to be able to trade with Africa on acceptable terms, then, of course, the African countries should support them in this if such trade expansion were organized on rational economic lines.

In the final analysis, the economic development of Africa will depend on the efforts of the African countries. This is as it should be. However, the economic development of Africa is of concern to the world, since it enhances not only the lot of the African people but also the prosperity of the international economy. Excluding South Africa, Africa comprises almost 300 million people. Thus, at the present population level every \$10 increase in African annual income *per capita* increases purchasing power by almost \$3,000 million, and this sum will be greater as population increases. Much of this additional purchasing power would, it is hoped, be spent on African goods and services. Under present conditions, however, it appears that a significant part of increased purchasing power would redound to the benefit of the countries providing Africa with imported goods. It is therefore not unreasonable for the African countries to expect such changes in international economic policy as would facilitate their trade and thereby their general economic development.

Semi-manufactured and manufactured products

Before analysis of the trends in exports of African semi-manufactured and manufactured products, a brief description of world trends and the main characteristics of trade in these products will be useful as a frame of reference. The trends considered cover the period 1955-1965, and wherever possible developments in the period 1960-1965 are indicated, since this is the period covered in the discussion of exports of African semi-manufactured and manufactured products.

World trade⁴ in semi-manufactured and manufactured products⁵ expanded between 1955 and 1965 at an average annual rate of 9.2 per cent, to \$109.6 billion. This rate of growth was higher than that for primary commodities, 4.8 per cent, and total world trade, 7.2 per cent. Consequently, the share of semi-manufactured and manufactured products in total world trade went up from 49.2 per cent in 1955 to 59.8 per cent in 1965.

Exports of semi-manufactures and manufactures from developed market economies⁶ increased at an average annual rate of 9.0 per cent, accounting in 1965 for 82.1 per cent of world trade in these products as compared with 83.2 per cent in 1955. In terms of total exports of developed market economies, the share of their exports of semi-manufactures and manufactures rose from 63.6 per cent in 1955 to 70.3 per cent in 1965. For the centrally planned economies,⁷ the comparative figures were an average annual growth rate of 11.1 per cent for the export of semi-manufactures and manufactures; an increase in the share of world trade in these products from 10.2 per cent to 12.1 per cent; and an increase in the share of these products in their total exports from 49.0 per cent to 61.1 per cent. For the developing countries,⁸ in the same period 1955-1965 the export of semi-manufactures and manufactures increased at an annual rate of 7.7 per cent, as compared with 4.4 per cent for total exports, and the share in their total exports rose from 12.8 per cent to 17.4 per cent. Nevertheless, the share of exports of semi-manufactures and manufactures from the developing countries in world trade in these products declined from 6.6 per cent in 1955 to 5.8 per cent in 1965.

An examination of trade⁹ in semi-manufactured and manufactured products¹⁰ among developed market economies¹¹ shows that these economies are by far the largest market. In 1965, they imported \$76.7 billion of these products from all sources, of which they supplied 86.0 per cent, as compared with 81.1 per cent in 1955 and 87.2 per cent in 1960.

⁴ On an export (f.o.b.) basis.

⁵ For this portion of the discussion, semi-manufactures and manufactures are broadly defined as SITC sections 5-8.

⁶ By UN statistics, Economic Class I, the United States, Canada, Western Europe, Australia, New Zealand, the Republic of South Africa, and Japan, including intra-trade.

⁷ By UN statistics, Economic Class III, Eastern Europe, People's Republic of China, Mongolia, North Korea, and North Vietnam, including intra-trade.

⁸ By UN statistics, Economic Class II, all countries in Asia, Africa, and Latin America, except Japan, South Africa, and centrally planned economies, including intra-trade.

⁹ In this examination, trade data are here investigated on an import c.i.f. basis, except for the United States and Canada, for which imports f.o.b. are used.

¹⁰ Here semi-manufactures and manufactures are defined as SITC sections, 5-8 plus SITC groups 012, 013, 032, 046, 047, 052, 053, 055, 062, 073, 091, 099, 111, 112, 243, 251, 266, 267, 332, 351, and 431.

¹¹ Here the Republic of South Africa is excluded from the countries included under footnote 6.

The EEC countries accounted for 38.4 per cent, of this trade, the United States 16.1 per cent, the United Kingdom 3.9 per cent, and Japan 2.5 per cent.

Eight categories of products accounted for over four-fifths of this intra-trade in 1965. Machinery and transport equipment represented 36.1 per cent of the total, as compared with 27.0 per cent in 1955, and chemical products were 10.1 per cent of the 1965 total, as compared with 8.6 per cent in 1955. The shares of the remaining six categories, wood products, textiles (including clothing), iron and steel, non-ferrous metals, processed agricultural products, and petroleum products, ranged from 2.0 per cent to 9.4 per cent in 1965 and remained unchanged or declined in comparison with 1955. A more detailed examination reveals that the increase in the share of machinery and transport equipment was due mainly to an expansion in the range of products traded and the appearance of new products. In chemical products the most substantial increase occurred in synthetics, e.g., plastic materials. Similarly, in textiles marked increases were shown in products with an artificial or synthetic base. In the wood products category, the largest increases took place in pulp, paper and paperboard, veneers and plywood, and furniture. Among the base metals, copper and aluminium showed marked gains. Processed agricultural products experienced only a relatively modest absolute increase between 1955 and 1965, and the share of this category in the total trade of semi-manufactures and manufactures among the developed market economies declined from 5.9 per cent to 4.5 per cent. However, products based on fruit, vegetables, fish, and meat fared much better than the processed agricultural products category as a whole.

In summary, the developed market economies are by far their own best customers for semi-manufactures and manufactures. The products of the industrial sectors in which intra-trade has assumed the greatest importance are those in which technological progress has been most pronounced, reflecting the growing industrial diversification and specialization in trade among the developed market economies.

Since 1955 the imports of semi-manufactured and manufactured products¹² into the developed market economies¹³ from the developing countries¹⁴ doubled in value to \$7,000 million.¹⁵ However, the share of semi-manufactured and manufactured products from developing countries in total imports of these products by the developed market economies declined from 12.3 per cent in 1955 to

¹² Here, in addition to the SITC sections and groups mentioned in footnote 10, SITC groups 048 and 122 are included, but SITC group 667 is excluded because of lack of comparable statistical data before 1965.

¹³ See footnote 11.

¹⁴ The rest of the world, excluding centrally planned economies, but including Yugoslavia.

¹⁵ If SITC group 667 is included, such imports amounted to \$7,380 million.

10.4 per cent in 1960 to 9.1 per cent in 1965. Five developed market economy countries accounted for 77.5 per cent of this total, namely, the United States, 36.7 per cent; the United Kingdom, 17.0 per cent; the Federal Republic of Germany, 10.3 per cent; France, 7.3 per cent; and Japan, 6.1 per cent. All EEC countries accounted for 27.1 per cent of the total, so that these countries along with the United States, the United Kingdom, and Japan accounted for 86.9 per cent of the total. For 1961-1965, Japan, the United States, and the Federal Republic of Germany, in that order, showed the highest rates of growth of imports of semi-manufactures and manufactures from developing countries, and the United Kingdom and France showed the lowest.

Fifteen developing countries accounted for almost two-thirds of total imports of semi-manufactures and manufactures by developed market economies from all developing countries. Congo (Kinshasa) and Algeria were the only African countries on the list. If semi-manufactures and manufactures are adjusted for unwrought base metals, petroleum products, and ships and boats (which are mainly re-exports), then the total in 1965 decreases to \$3,600 million from \$7,000 million. On the basis of this latter classification, 25 developing countries represented 86 per cent of this total in 1965, among which there were five African countries, Algeria, Morocco, UAR, Guinea, and Cameroon. The expansion of exports of semi-manufactures from developing into developed market economies during 1955-1965 was confined to a small number of countries, especially Hong Kong, followed by China (Taiwan), Yugoslavia, Israel, a number of Latin American countries, and the Republic of Korea. Algeria and Congo (Kinshasa) were among those countries whose shares of such exports fell in the period 1961-1965. When unwrought base metals, petroleum products, and ships and boats are excluded, declines in the relative shares of total imports of semi-manufactures and manufactures into developed market economies from developing countries were experienced in recent years by all African exporting countries on that list of products, except for Guinea.

The 20 leading products imported by developed market economies from developing countries in amounts over \$50 million in 1965 accounted for 82.1 per cent of the total value of semi-manufactured and manufactured products exported from the developing to the developed market countries. Excluding petroleum products, the proportion becomes 72.8 per cent of the total. The 20 products in question are listed in Table 26. While some products on the list involve a higher degree of processing than just a simple transformation of natural resources, most appear to be produced by labour-intensive industries not requiring considerable capital investment.

Among the products itemized in Table 26, petroleum products accounted for a large propor-

Table 26. The twenty leading semi-manufactures and manufactures imported by developed market economies from developing countries, 1965

Rank	SITC No.	Description of product	Value 1965 (\$ million)	Average annual rate of growth		
				1955- 1960	1960- 1965	1955- 1965
				(per cent)		
1	332	Petroleum products	1,739	...	...	7.7
2	841	Clothing ^a	432	40.4	18.2	28.8
3	653	Fabrics (non-cotton)	252	...	...	9.5
4	112	Alcoholic beverages	200	...	...	-2.1
5	652	Cotton fabrics ^a	194	31.6	6.7	18.5
6	053	Fruit, preserved, and fruit preparations	154	13.5	10.0	11.7
7	013	Meat, prepared or preserved	143	...	...	3.7
8	657	Floor coverings ^a	138	15.1	14.0	14.5
9	631	Veneers and plywood ^a	118	17.0	25.1	21.0
10	611	Leather	97	...	...	5.4
11	656	Textile products, n.e.s. ^a	91	29.1	8.2	18.2
12	899	Manufactured articles, n.e.s. ^a	91	21.7	17.9	19.7
13	513	Inorganic chemicals ^a	86	-1.6	25.1	10.9
14	055	Vegetables, prepared or preserved	78	...	...	10.7
15	671	Pig iron, etc.	65	...	...	...
16	894	Perambulators, toys, and games ^b	65	24.6	33.9	29.0
17	032	Fish, prepared and preserved	62	...	...	9.1
18	688, 689	Miscellaneous non-ferrous metals	56	...	...	3.9
19	651	Textile yarn and thread ^a	56	14.6	9.9	12.2
20	551	Essential oils	53	...	...	4.0
	(851)	Footwear ^c	43	14.6	10.5	12.5)

Source: UNCTAD, document TD/B/C.2/47, Table III-4.

^a 1955-1965 annual growth rate above 10.8 per cent, and value of at least \$50 million in 1965 and at least \$10 million in 1955.

^b 1955-1965 annual growth rate above 10.8 per cent, and value of at least \$50 million in 1965, but less than \$10 million in 1955.

^c 1955-1965 annual growth rate above 10.8 per cent, and value of at least \$10 million in 1955.

tion of the total, 41.7 per cent, while all textile products, when grouped, accounted for 27.9 per cent, and all processed agricultural products for 16.5 per cent. In terms of the proportion of imports into developed market economies from all sources, the most substantial increases occurred between 1955 and 1965 in the shares of perambulators, toys, and games; veneers and plywood; cotton fabrics; clothing; miscellaneous manufactured articles; and miscellaneous textile articles.

Between 1955 and 1966, the median average annual rate of growth for all imports of semi-manufactures and manufactures by developed market economies from developing economies was 10.8 per cent, and it can be seen that 10 of the 20 leading products in Table 26 also experienced a rate of growth above the median. All 20 leading products on that list had a value of at least \$50 million in 1965, and, with the exception of perambulators, toys, and games, they also had a value of at least \$10 million in 1955. If a value of at least \$10 million in 1955 is to be considered as a criterion of a well-established or (in that sense) traditional export, then 19 of the 20 leading products listed above can be considered as traditional imports from developing countries into developed market economies, and 10 of those as fast-growing traditional imports, i.e., above a 10.8 per cent average annual rate of growth.

To these 10 products can be added one other product, footwear, which is the only one among the remaining imports outside the list of 20 which both had a value of over \$10 million in 1955 and experienced a rate of growth above 10.8 per cent. It thus completes the list of fast-growing traditional exports.

Perambulators, toys, and games, which had a value of less than \$10 million in 1955 and grew above the median rate, can be considered among the new fast-growing exports from developing countries to the developed market economies. There were 25 products among the remaining semi-manufactured and manufactured imports from developing countries into developed market economies which both had values of less than \$10 million in 1955 and experienced average annual rates of growth above 10.8 per cent between 1955 and 1965 and can therefore be considered as fast-growing new exports. In fact, these products all had rates of growth of at least 14.0 per cent. They are listed in Table 27 and ranked according to the 1955-1965 growth rate.

For many of these products the average annual rates of growth were very high and in eight cases exceeded the highest rate of growth achieved among the fast-growing traditional products, which was 28.8 per cent for clothing. For a majority of the new

products, more growth occurred during 1955-1960, which was also the case for most traditional products, although not to such a striking degree in terms of growth rate differences. For other new products, more growth occurred during 1960-1965. In a few cases, growth was more or less evenly distributed over the two periods. The findings on these new products must be treated with guarded optimism, but it can be observed that eight of the 15 new products with the highest growth rates had exceeded a value of \$10 million by 1965. Total imports by the developed market economies of these 15 fastest-growing new products from all sources amounted to \$7,400 million in 1965, which was nearly 10 per cent of their total imports of semi-manufactured and manufactured products. The value of the exports of the developing countries in these products to the developed market economies was \$228.1 million, or only 3.1 per cent of the total, so that considerable scope for export expansion exists. It is important to note that among the new products there are some products of highly capital-

intensive industries, e.g., aluminium, iron and steel, pulp, fertilizer, glass, and chemical and pharmaceutical industries.

To sum up, over four-fifths of the value of imports of semi-manufactures and manufactures by the developed market economies from the developing countries still consists of products traditionally bought from these countries, which involve a relatively simple technology of manufacturing and are characterized by a high labour component. However, over the period 1955-1965 a certain diversification took place in the exports of developing countries, and some of the new products displayed very high rates of growth. A number of these products were produced by capital-intensive manufacturing processes. However, the share of the developing countries in the total imports of these products by the developed market economies is still very small. This and the marked concentration of these exports by main markets and countries of origin suggest that there is considerable scope for expansion of the new semi-

Table 27. Fast-growing new exports of semi-manufactures and manufactures from developing countries to developed market economies, 1965, ranked by 1955-1965 rate of growth

Rank	SITC No.	Description of product	Value 1965 (\$ million)	Average annual rate of growth		
				1955- 1960	1960- 1965	1955- 1965
				(per cent)		
1	684	Aluminium - - - - -	26.8	110.0	5.5	48.9
2	891	Sound recorders and reproducers, musical instruments, etc. - - -	3.6	78.1	14.9	43.2
3	864	Watches and clocks - - - - -	1.8	...	...	33.5
4	251	Pulp and waste paper - - - - -	16.5	13.8	50.9	31.1
5	812	Sanitary, plumbing, heating, and lighting fixtures and fittings - - - - -	14.1	40.6	20.7	30.2
6	831	Travel goods, suitcases, etc. - - -	24.3	6.5	56.1	29.0
7	665	Glassware - - - - -	5.1	39.3	19.4	29.0
8	894	Perambulators, toys, games, etc. - - -	64.6	24.6	33.9	29.0
9	861	Scientific, medical, optical measuring and controlling instruments - - -	10.8	38.0	19.1	28.2
10	099	Food preparations, n.e.s. - - - - -	6.6	26.9	28.3	27.6
11	612	Worked leather - - - - -	4.1	33.6	19.3	26.2
12	561	Fertilizers - - - - -	28.1	29.2	18.7	23.9
13	897	Jewellery and goldsmiths' and silversmiths' wares - - - - -	13.1	23.1	22.2	22.7
14	663	Mineral manufactures, n.e.s. - - - - -	5.4	22.4	19.7	21.0
15	664	Glass - - - - -	3.2	14.9	26.2	20.5
16	666	Pottery - - - - -	2.2	8.4	29.7	18.6
17	892	Printed matter - - - - -	7.7	20.8	16.4	18.6
18	821	Furniture - - - - -	30.8	23.2	13.7	18.4
19	632	Wood manufactures - - - - -	18.3	24.1	12.8	18.3
20	654	Tulle, lace, embroidery, etc. - - - - -	4.7	-11.1	56.2	18.0
21	541	Medicinal and pharmaceutical products - - -	39.3	8.2	26.8	17.1
22	629	Articles of rubber, n.e.s. - - - - -	3.7	10.2	23.3	16.5
23	67	Iron and steel ^a - - - - -	95.6	9.9	23.5	16.5
24	661	Lime, cement, etc. - - - - -	10.5	14.9	18.0	16.4
25	69	Manufactures of metal, n.e.s. - - - - -	33.9	20.8	10.5	15.5
26	521	Crude chemicals from coal, petroleum, and gas - - - - -	2.6	55.9	-16.7	14.0

Source: UNCTAD, document TD/B/C.2/47.

^a The statistical data available for the period 1955-1960 do not permit more detailed breakdown of the trends for the various products covered by SITC division 67: "Iron and steel". These products have been nevertheless classified as new export products, although division 67 as a whole had already reached a total value considerably over \$10 million by 1955.

Table 28. Imports of twenty leading African semi-manufactured and manufactured products by selected developed countries, ^a 1960, ^b 1963, and 1965 (\$ thousand c.i.f. ^c)

SITC No.	Description of product	Rank	Value of African exports to the selected market				Value of exports of all developing countries ^d to same selected markets				Value of total imports of the selected markets				Share of total imports, by products, of the selected markets (per cent)				Average annual rate of growth 1960-1965 (per cent)	
			1965				1965				1965				1965				All developing countries	All sources
			1965	1960	1963	1965	1965	1960	1965	1960	1965	1960	1965	1960	1965	1960	1965	1960		
112	Alcoholic beverages - - -	1	277,872	166,669	163,915	34.9	288,175	190,060	792,369	991,804	35.1	16.5	36.4	19.2	-10.0	-8.0	4.6			
689	Miscellaneous non-ferrous base metals employed in metallurgy	2	31,618	33,382	45,713	9.7	35,516	54,384	137,130	199,711	23.1	22.9	25.9	27.2	7.7	8.9	7.8			
332	Petroleum products - - -	3	1,684	21,130	36,913	7.9	947,606	1,413,751	1,788,948	2,406,751	0.1	1.5	53.0	58.7	83.7	8.3	6.1			
032	Fish, in airtight containers, n.e.s., and fish preparations, whether or not in airtight containers (in cluding crustacea and molluscs) -	4	22,798	29,546	24,042	5.1	30,284	53,078	248,562	320,264	9.2	7.5	12.2	16.6	1.2	11.9	5.2			
631	Veneers, plywood boards, "improved" or reconstituted wood and other wood, worked, n.e.s. - -	5	12,587	17,042	21,481	4.6	32,919	102,485	338,222	471,495	3.7	4.6	9.7	21.7	11.3	25.5	6.8			
684	Aluminium - - -	6	18,680	21,973	21,040	4.5	18,821	22,837	515,779	796,302	3.6	2.6	3.6	2.9	2.5	3.9	9.0			
013	Meat in airtight containers, n.e.s., and meat preparations, whether or not in airtight containers -	7	13,451	21,075	20,905	4.5	98,648	111,829	389,967	474,963	3.4	4.4	25.3	23.5	9.2	2.5	4.1			
053	Fruit, preserved, and fruit preparations - -	8	13,101	18,416	20,662	4.4	84,933	134,946	310,376	441,802	4.2	4.7	27.4	30.5	9.6	9.7	7.3			
072.2)	Cocoa powder, unsweetened	9	4,545	12,545	20,287	4.3	31,042	...	85,391	...	...	23.8	...	36.4	34.7	...	...	
072.3)	Cocoa butter and cocoa paste -	9	4,545	12,545	20,287	4.3	31,042	...	85,391	...	...	23.8	...	36.4	34.7	...	...	
551	Essential oils, perfume and flavour materials - - -	10	13,518	12,762	15,731	3.3	35,688	49,003	111,824	180,564	12.1	8.7	31.9	27.1	3.0	6.5	10.0			
055	Vegetables, roots and tubers, prepared or prepared, n.e.s., whether or not in airtight containers -	11	7,385	17,287	14,794	3.2	41,512	71,760	143,539	241,462	5.1	6.1	28.9	29.7	14.9	11.6	11.0			
671	Pig iron, spiegeleisen, sponge iron, iron and steel powders, and shot and ferro-alloys - - -	12	...	11,968	14,414	3.1	64,063	...	504,522	...	...	2.9	...	12.7	...	...	...
513	Inorganic chemicals: elements, oxides, and halogen salts - -	13	...	13,854	9,333	2.0	43,643	...	383,623	...	...	2.4	...	11.4	...	...	...
251	Pulp and waste paper - -	14	1,936	4,287	8,797	1.9	4,087	14,851	1,068,946	1,429,992	0.2	0.6	0.4	1.0	35.4	29.4	6.0			

611	Leather	-	-	-	15	4,753	4,631	7,297	1.6	68,817	89,733	244,512	303,589	1.9	2.4	28.1	29.6	9.0	5.4	4.4
651	Textile yarn and thread	-	-	-	16	6,358	7,468	7,023	1.5	27,597	37,184	472,481	779,847	1.3	0.9	5.8	4.8	2.1	6.2	10.5
657	Floor coverings, tapestries, etc.	-	-	-	17	1,026	2,557	4,747	1.0	76,953	107,543	159,786	331,260	0.6	1.4	48.2	32.5	35.8	6.9	15.7
652	Cotton fabrics, woven (not including narrow or special fabrics)	-	-	-	18	9,268	6,576	4,667	1.0	108,564	140,872	428,190	490,332	2.2	1.0	25.4	28.7	-12.8	5.4	2.8
641	Paper and paperboard	-	-	-	19	7,482	6,514	4,319	0.9	8,137	7,050	1,342,345	1,947,407	0.6	0.2	0.6	0.4	-10.4	-2.8	7.7
431	Animal and vegetable oils and fats, processed, and waxes of animal or vegetable origin	-	-	-	20	2,212	2,919	3,050	0.7	21,795	16,406	52,411	66,739	4.2	4.6	41.6	24.6	6.7	-5.5	4.9
Total, 20 leading African products		-	-	-	...	432,601	469,130	100.0	...	2,756,520	...	12,847,820	...	...	...	...	...	...	...	...
Total exports		-	-	-	-	3,856,000 ^e	4,959,908	6,340,078	...	19,067,848	25,969,535	63,111,000	94,664,266	6.1	6.7	30.2	27.4	10.5	6.3	8.5
Per cent share of 20 leading African products in total exports		-	-	-	-	...	8.7	7.4	...	...	10.6	...	13.6	...	3.7	...	21.5	...	...	...
Total, 18 leading African products (excluding 671, 513)		-	-	-	-	450,274	406,779	445,383	...	...	2,648,814	...	11,959,675	...	...	...	...	-0.2	...	...
Per cent share of 18 leading African products in total exports		-	-	-	-	11.7	8.2	7.0	...	...	10.2	...	12.6	...	3.7	...	22.1	...	...	...
Total, 17 leading African products (excluding 671, 513, 072)		-	-	-	-	445,729	394,234	425,096	...	1,930,052	2,617,772	8,545,387	11,874,284	...	...	...	...	-1.0	6.4	6.8
Per cent share of 17 leading African products in total value of exports		-	-	-	-	11.6	7.9	6.7	...	10.1	10.1	13.5	12.5	5.2	3.6	22.6	22.0	...	...	...
Total, 16 leading African products (excluding 671, 513, 072, 112)		-	-	-	-	167,857	227,565	261,181	...	1,641,877	2,427,712	7,753,018	10,882,480	...	...	...	...	9.3	8.2	7.0
Per cent share of 16 leading African products in total value of exports		-	-	-	-	4.4	4.6	4.1	...	8.6	9.3	12.3	11.5	2.2	2.4	21.2	22.3	...	...	...
Total, 16 leading African products (excluding 671, 513, 072, 332)		-	-	-	-	444,045	373,104	388,183	...	982,446	1,204,021	6,756,439	9,467,533	...	...	...	...	-2.6	4.2	7.0
Per cent share of 16 leading African products in total value of exports		-	-	-	-	11.5	7.5	6.1	...	5.2	4.6	10.7	10.0	6.6	4.1	14.5	12.7	...	...	...

Source: Institute of Asian Economic Affairs, *Asian Trade Statistics, Imports, 1961*;
 OECD, *Foreign Trade by Commodity*, Series C, 1960 and 1965;
 UN, *Commodity Trade Statistics*, Series D, 1960 and 1965;
 UN, *Monthly Bulletin of Statistics*, June 1963, 1965, and 1967;
 UN, *Yearbook of International Trade Statistics*, 1962 and 1963.

^a EEC, United Kingdom, United States, and Japan.
^b The figures for exports to Japan in 1960 use the 1961 data for individual commodities.
^c Except U.S. imports, which are reported f.o.b.
^d Excluding Yugoslavia.
^e F.o.b.

manufactured and manufactured exports from developing countries. This involves many questions, including pre-conditions, such as improvement in access to markets and the scope and possibilities for industrialization in many developing countries, which are questions of particular importance for Africa.

Exports of semi-manufactured and manufactured products¹⁶ from Africa to selected developed market economy countries

This discussion is centred on the 20 leading African exports of semi-manufactured and manufactured products to the EEC, the United Kingdom, the United States, and Japan in 1965. Consideration will also be given to African exports of other such products to these countries. The 20 leading products accounted for almost 87 per cent of total African exports of semi-manufactures and manufactures to these countries in 1965. This was a greater concentration than the exports of the 20 leading products from all developing countries to all developed market economies, which was 82 per cent in 1965. If certain adjustments are made to take account of what are probably re-exports in the total of exports of African semi-manufactures and manufactures to the selected developed market economies,¹⁷ then the 20 leading products in 1965 may have represented as much as 90 per cent of the total. Exports of all African semi-manufactures and manufactures can be estimated to amount to about 8 per cent of total African exports to the selected developed market economies in 1965.

Since the export of African semi-manufactures and manufactures only to the selected main market economy countries and not to all developed market economies are under consideration here, it may be of interest to establish the differences between this and total coverage. From available data, it is seen that in 1963 the exports of the 20 leading African semi-manufactures and manufactures to the EEC countries, the United Kingdom, the United States, and Japan amounted to 93.3 per cent of those to all developed market economies. For 11 of these products, these exports represented over 93 per cent of the total to all developed market economies and for four more between 90 and 93 per cent. There was a significant gap between exports to the selected

economies and to all developed market economies for five of these products: the partial total for inorganic chemicals was 56.3 per cent; floor coverings, 61.4 per cent; textile yarn and thread, 68.1 per cent; cocoa preparations, 75.5 per cent; and pulp and waste paper, 86.3 per cent.

Table 28 allows a comparison of the exports of the 20 leading African semi-manufactured and manufactured products to the selected developed market economies with the exports of the 20 leading products from all developing countries to all developed market economies shown in Table 26. The 20 leading African products exported to the selected economies in 1965 were headed by alcoholic beverages, which represented 34.9 per cent of the total. Processed agricultural products, including the beverages, other agricultural products, and leather, were the leading product group as a whole, accounting for 62.0 per cent of these exports; followed by metals, 17.3 per cent; petroleum products, 7.9 per cent; forest products, 7.4 per cent; textiles, 3.5 per cent; and chemicals, 2.0 per cent; The 20 leading products exported from all developing countries to all developed market economies in 1965 were headed by petroleum products, which represented 41.7 per cent of the total. These were followed by different product groups: textiles, 27.9 per cent; processed agricultural products, including leather, 18.8 per cent; miscellaneous manufactured articles, 3.7 per cent; metals, 2.9 per cent; forest products, 2.8 per cent; and chemicals, 2.1 per cent.

In terms of the individual products, 15 were on both lists. Not on the list of the 20 African products were some textiles, including clothing,¹⁸ non-cotton fabrics, and textile products n.e.s.; perambulators, toys, and games; and manufactured articles n.e.s. On the other hand, on the African list but not on that of all developing countries were aluminium; cocoa preparations; pulp and waste paper; paper and paperboard; and animal and vegetable oils, fats, and waxes.

The growth of the 20 leading African exports of semi-manufactured and manufactured products to the selected market economies during 1960-1965 may be compared with the growth of the same products from all developing countries and all sources. Similarly, comparisons can be made of the share of Africa in the selected developed markets.

Three of the 18 leading African exports of semi-manufactured and manufactured products (excluding pig iron and inorganic chemicals, because of lack of comparable data for 1960) experienced a fall between 1960 and 1965, namely, alcoholic beverages, woven cotton fabrics, and paper and paperboard. The value of alcoholic beverages, imported mostly by France, declined by over 40 per cent, from \$211 million to \$138 million for Algeria and

¹⁶ For the discussion on African exports, SITC sections 5-8 are included, minus all unwrought or mainly unwrought metals, numbers 681, 682.1, 683.1, 685.1, 686.1, and 688, and precious stones, number 667, but aluminium, number 684, is included. Also included are certain SITC items from sections 0-4 and 9, viz, 012, 013, 032, 046, 047, 048, 052, 053, 055, 062, 071.3, 072.2, 072.3, 073, 091, 099, 111, 112, 122, 231.2, 231.3, 231.4, 244.0(2), 251, 266, 267, 331.0(2), 332, 341.2, 351, 431, 951.0, and 961.0. Breakdowns for Africa for a number of the smaller items are not available from statistics of the importing countries, which have been the main source for the analysis presented here.

¹⁷ Through the exclusion of SITC section 7 and part of SITC section 8.

¹⁸ Although imports of clothing from Africa grew at an average annual rate of 60 per cent during 1960-1965.

from \$19 million to \$0.8 million for Tunisia, but for Morocco there was an increase from \$12 million to \$22.5 million. Since Africa accounts for the bulk of imports of alcoholic beverages by the selected market economies from all developing countries, imports from the latter also fell. However, imports of this product into the selected developed market economies from all sources went up during 1960-1965. In the case of woven cotton fabrics, exported from Africa almost entirely by the UAR, imports from all developing countries rose at an average annual rate of 5.4 per cent, since Africa supplies only a very small part of this total. The growth rate for the export of this product from developing countries was higher than that for imports from all sources. For paper and paperboard, of which Africa supplies most of the imports from all developing countries, there was a decline for both Africa and for all developing countries, but imports from all sources increased.

It may be recalled that in the analysis of imports of semi-manufactures and manufactures from all developing countries into all developed market economies, the median average annual rate of growth of 10.8 per cent for 1955-1965 was taken as the break point for fast-growing products. For the fast-growing traditional products, the lowest average annual rate during 1960-1965 was 6.7 per cent. This figure may now be taken as a benchmark for 1960-1965 to evaluate the performance of the 18 leading African products and the same products from all developing countries and from all sources imported into the selected developed market economies.

With 6.7 per cent as the break point, 11 of the 18 leading African products experienced fast rates of growth between 1960 and 1965. Outstanding among them were petroleum products, with a growth rate of 83.7 per cent, as compared with 8.3 per cent for imports from all developing countries and 6.1 per cent from all sources. This extremely high rate of increase of African petroleum products is explained by the smallness of exports in 1960 and by the spectacular growth of the petroleum industry in Africa in recent years. These exports, nevertheless, still amounted in 1965 to only a small part of such imports from all developing countries.

Imports of floor coverings from Africa went up at an average annual rate of 35.8 per cent. This was a much higher rate of growth than that for all developing countries. Imports from all sources increased at a rate more than twice that for all developing countries. As a result, the share of the developing countries in total imports of floor coverings into the selected developed market economies declined from 48.2 per cent in 1960 to 32.5 per cent in 1965. The African share of the over-all total, though it more than doubled, was only 1.4 per cent in 1965. Among the developing countries, India and Afghanistan were the major suppliers of floor coverings.

Pulp and waste paper exports from Africa grew at a rate of 35.4 per cent, while cocoa preparations

increased at a rate of 34.7 per cent. Comparative data for cocoa preparations in 1960 are not available for all developing countries and all sources. In 1965, imports from Africa accounted for almost two-thirds of all imports from the developing countries. All developing countries supplied a little more than one-third of imports of cocoa preparations from all sources. There is much processing of raw cocoa in some of the selected developed market economies. Imports of pulp and waste paper from Africa grew at a higher rate than from all developing countries and at a much higher rate than from all sources. Africa was the major supplier among the developing countries, but the latter countries accounted for only 1.0 per cent of total imports from all sources.

Imports of preserved and prepared vegetables from Africa grew at a rate of 14.9 per cent, which was higher than that for all developing countries and all sources. The African share of imports from all developing countries increased somewhat but was still only just over one-fifth. China (Taiwan) was by far the largest supplier among the developing countries, followed by Thailand.

Imports of veneers and plywood from Africa increased at a rate of 11.3 per cent, which was less than half that for all developing countries, but one and two-thirds times the rate for imports from all sources. The share of all developing countries in imports of veneers and plywood from all sources into selected developed market economies rose sharply, from 9.7 per cent in 1960 to 21.7 per cent in 1965. However, the African share of imports from all developing countries decreased from a little over one-third in 1960 to only a little over one-fifth in 1965. Among the major suppliers, spectacular increases were registered by the Philippines, China (Taiwan), the Republic of Korea, and some Latin American countries.

Imports of preserved and prepared fruit from Africa increased at a rate of 9.6 per cent, about the same as that for all developing countries, and higher than that for all sources. The share of all developing countries in imports from all sources increased to 30.5 per cent in 1965, but the African share of imports from all developing countries was still under one-sixth. China (Taiwan) was the major supplier among the developing countries, followed by Israel and Mexico.

For canned meat, the African rate of export growth to the selected economies was 9.2 per cent, which greatly exceeded that for all developing countries and for all sources. The share of all developing countries declined from 25.3 per cent in 1960 to 23.5 per cent in 1965. The African share of imports from all developing countries increased from less than one-seventh to almost one-fifth. Argentina, Brazil, Uruguay, and Paraguay were the major suppliers among developing countries.

For leather, the rate of growth was 9.0 per cent for imports from Africa, which was higher than

the rates for all developing countries and for all sources. The share of all developing countries rose slightly to 29.6 per cent, but the African share of this was less than one-twelfth. India was the major supplier among developing countries.

Imports of miscellaneous non-ferrous metals from Africa increased at a rate of 7.7 per cent, lower than that for all developing countries and almost the same as that for all sources. Africa supplied the bulk of the imports into selected developed market economies from all developing countries. For processed animal and vegetable oils, fats, and waxes from Africa, the rate of growth was 6.7 per cent, higher than that for imports from all sources, while imports from all developing countries declined at a rate of 5.5 per cent. As a result of these divergent trends, the share of all developing countries fell from 41.6 per cent to 24.6 per cent. Even so, the African share of imports from all developing countries was still less than one-fifth in 1965.

To sum up the developments during 1960-1965 in the 11 fast growing products, i.e., annual rates of growth of 6.7 per cent or more, among the 18 leading exports of African semi-manufactures and manufactures to the main developed markets, it can be seen that in the majority of cases they grew at rates higher than those for all developing countries. It may be recalled that in the case of the fast growing traditional exports from all developing countries during 1955-1965, less of the growth occurred between 1960-1965 than 1955-1960. In 1965 only six of the 20 leading African products accounted for the bulk of the imports of the selected developed market economies from all developing countries. For three of these six the share of developing countries was very small in total imports of these products by the selected market economies.

Analogous to the previous discussion, it may be analytically useful to classify the leading African exports of semi-manufactured and manufactured products into traditional and new. If a minimum value of, say, \$2,000,000 in 1960 is adopted as the criterion for an established export, then petroleum products, pulp and waste paper, and floor coverings may be considered as new products, and all three were fast growing. (Pig iron and inorganic chemicals cannot be evaluated in these terms, because of the lack of comparable data for 1960.) On the other hand, five products which were above the \$2,000,000 level in 1960 either disappeared from the list of the leading products in 1965 or declined to below \$2,000,000, except for fertilizer. These products, with 1960 values given, were wheat meal and flour, \$13.6 million; dried fruit, \$7.8 million; manufactured fertilizers, \$4.3 million; medicinal and pharmaceutical preparations, \$2.7 million; and cereal meal and flour, \$2.5 million.

However, when all 20 leading African exports of semi-manufactures and manufactures are taken together, the total share of these products in imports from all sources into selected developed market

economies was only 3.7 per cent in 1965, as compared with 21.5 per cent for these same products for all developing countries. Thus, the African share was only a little more than one-sixth that of all developing countries in their exports of these products to the selected market economies.

Since 1960 data are not available for imports of pig iron and inorganic chemicals from Africa, all developing countries, and all sources, and for cocoa preparations for the latter two categories of export origin, comparisons can be made for only 17 of the leading African products in terms of 1960-1965 trends for the three categories of export origin for these products. The developments for Africa were not favourable. The value of African exports of its 17 leading products declined between 1960 and 1965 at an average annual rate of 1.0 per cent, as compared with rates of growth in the imports of these products into selected developed market economies of 6.8 per cent from all sources and 6.4 per cent from all developing countries. In addition, the African share of such imports from all developing countries fell from 23 per cent in 1960 to 16.4 per cent in 1965.

These developments contrasted with those for total African imports into the selected developed market economies, which grew at a rate of 10.5 per cent, which was considerably higher than that for total imports from all developing countries and also significantly surpassed that for imports from all sources. Consequently, the share of total African imports into the selected developed market economies in relation to total imports from all sources went up from 6.1 per cent in 1960 to 6.7 per cent in 1965, and the African share of imports into these markets from all developing countries increased from just over one-fifth to almost one-quarter. If this trend is compared with the proportion of the 17 leading African semi-manufactures and manufactures in total African imports into the selected developed market economies, it can be observed that this proportion declined from 11.6 per cent in 1960 to 7.9 per cent in 1963 to 6.7 per cent in 1965. This lessening of the concentration of leading African semi-manufactures and manufactures primarily reflects the growth of primary commodities in total African exports rather than any appreciable diversification of African exports of semi-manufactures and manufactures during 1960-1965.

However, if alcoholic beverages are excluded from the 17 leading African semi-manufactures and manufactures, then the rate of growth of exports of the remaining 16 products was 9.3 per cent for 1960-1965, which exceeded the rate for all developing countries and for all sources. However, for these products the African share of exports from all developing countries to the selected economies was little more than 10 per cent. If, instead of excluding alcoholic beverages from consideration, petroleum products are excluded from the list of 17, then African exports of these products declined at an average

annual rate of 2.6 per cent from 1960 to 1965, as compared with increases for all developing countries and all sources. However, because of the sizable quantities of alcoholic beverages exported from Africa, the African share of imports from all developing countries amounted to almost one-third.

It now remains to compare the African performance in those new products, plus footwear, which have been identified as fast growing semi-manufactures and manufactures imported from all developing countries by all developed market economies. Aluminium and pulp and waste paper are the only African leading products which are also on the list of these fast growing exports of all developing economies. Aluminium exports to the selected markets increased at a slower rate for Africa than for all developing countries in 1960-1965. For pulp and waste paper, the rate of increase was higher for Africa than for all developing countries.

As regards the remaining fast growing new semi-manufactured and manufactured imports from all developing countries into all developed market economies (Table 27), African performance was not impressive, based upon an evaluation of the comparative figures for exports to the selected developed market economies.¹⁹ A detailed examination of these products will not be made here, but it may be noted that for most of these products, imports from Africa in 1965 were either non-existent or below \$0.5 million. In five cases, travel goods, printed matter, miscellaneous food preparations, medicinal and pharmaceutical products, and worked leather, imports from Africa ranged between \$0.5 million and \$1.0 million in 1965, and the African shares in such imports from all developing countries were generally low. In only three cases, miscellaneous metal manufactures, measuring instruments, etc.,²⁰ and manufactured fertilizers, did imports from Africa range between \$1.0 million and \$2.2 million, but once more the African shares in imports from all developing countries were low.

In summary, it may be repeated that the imports of leading African semi-manufactures and manufactures by the EEC countries, the United Kingdom, the United States, and Japan have been estimated to amount to about 93 per cent of such imports into all developed countries. The leading 20 products accounted for between 87 and 90 per cent of total African exports of manufactures and semi-manufactures into the selected developed market economies in 1965. Total imports of semi-manufactures and manufactures from Africa were estimated to represent about 8 per cent of all African imports

¹⁹ It should be noted, however, that outside the list of leading African exports of semi-manufactures and manufactures and apart from those fast growing products in the exports of all developing countries, a few other new and fast growing African products can be found, such as worked copper, lead and zinc alloys, and miscellaneous chemical materials. Mention should also be made of exports of coffee extracts, which did not exist in 1960.

²⁰ Probably mostly re-exports.

into the selected developed market economies. Total imports of African semi-manufactures and manufactures into all developed market economy countries may have been about 8.5 per cent of all imports from Africa into these countries in 1965, which would represent about \$530 million.

Based on the experience of the exports of African semi-manufactures and manufactures to the EEC countries, the United Kingdom, the United States, and Japan, it is clear that the leading products heavily predominate in total exports of semi-manufactures and manufactures to developed market economy countries. They appear to consist, to a somewhat larger extent than the leading imports from all developing countries, of relatively simply processed manufactures, and although more than half show high rates of growth over the period 1960-1965, most still had a relatively low participation in the imports from all developing countries in 1965. This was particularly pronounced for the new, fast growing exports from other developing regions.

In 1965, France was the largest single outlet for the 20 leading semi-manufactures and manufactures from Africa, importing 57.8 per cent of the total; followed by the United Kingdom, 13.6 per cent; the United States, 7.4 per cent; Belgium-Luxembourg, 7.1 per cent; the Federal Republic of Germany, 5.7 per cent; Japan, 3.9 per cent; Italy, 2.4 per cent; and the Netherlands, 2.1 per cent. The EEC countries together were responsible for 75.1 per cent of the total. This was a significantly different distribution of markets than that for all developing countries in their exports to all developed market economies in 1965, as indicated in the early part of the discussion of semi-manufactures and manufactures.

For 18 leading African semi-manufactured and manufactured products between 1960 and 1965 (1960 data not being available for pig iron and inorganic chemicals), the share of France in the total imports of the selected markets declined from 76.6 per cent to 60.6 per cent, while that of the United Kingdom rose from 6.5 per cent to 13.8 per cent. There were also smaller increases for all the remaining countries: Belgium-Luxembourg, 4.6 per cent to 7.5 per cent; the United States, 5.9 per cent to 6.8 per cent; the Federal Republic of Germany, 3.0 per cent to 5.1 per cent; Italy, 1.4 per cent to 2.5 per cent; the Netherlands, 1.1 per cent to 2.2 per cent; and Japan, 1.0 per cent to 1.6 per cent. The decline in the share of France is almost entirely explained by the sharp fall in its imports of alcoholic beverages. This is clearly shown by a comparison of 16 leading products, excluding alcoholic beverages. In the case of Japan, the sharp drop in its share of the total when only 18 products are considered is explained by the predominance of pig iron in its imports.

It will be recalled that in the case of imports of semi-manufactures and manufactures by all developed market economies from all developing countries between 1961 and 1965, Japan, the United States,

and the Federal Republic of Germany had the highest rates of growth, while the United Kingdom and France had the lowest. The United States, in particular, showed the greatest degree of diversification in imports of these products. The situation for Africa would suggest, *prima facie*, considerable scope for increasing exports to these fast-growing outlets among the developed market economies.

As regards the participation of individual selected developed market economies in the import of the 20 leading African semi-manufactured and manufactured products, it has been already mentioned that France imported almost all the alcoholic beverages. In 1965 France also took the largest proportion of petroleum products, aluminium, preserved fish, preserved fruit, essential oils, preserved vegetables, and paper and paperboard, and was the second ranking outlet for leather, preserved meat, cocoa preparations, pulp and waste paper, floor coverings, and animal and vegetable oils, fats, and waxes. The Federal Republic of Germany took most of the textile yarn and thread and also led in floor coverings, and was second in inorganic chemicals. Belgium-Luxembourg predominated in imports of miscellaneous non-ferrous metals. While the Netherlands had been the major importer of petroleum products from Africa in 1960, it took only a small share of the total by 1965. Among the non-EEC countries, the United Kingdom predominated in imports of veneers and plywood, preserved meat, pulp and waste paper, leather, and cocoa preparations. The

United States led in imports of inorganic chemicals, woven cotton fabrics, and animal and vegetable oils, fats, and waxes. Japan took the bulk of pig iron.

As for the participation of the individual countries in the number of the 18 leading African semi-manufactures and manufactures imported in 1960 and 1965, France took 17 products in 1965, compared with 18 in 1960. The United Kingdom also took 17 in 1965, compared with 13 in 1960. The Federal Republic of Germany, the Netherlands, and Italy each imported 16 products in 1965, compared with 10, nine, and four, respectively, in 1960. Belgium-Luxembourg took 15 products in 1965, compared with only six in 1960. The number of products imported by the United States was 14 in 1965, compared with 12 in 1960. Japan took 10 products in 1965, compared with seven in 1961. The cessation of certain imports by 1965 for individual markets occurred in only a limited number of cases. France ceased to import textile yarn and thread, the United States ceased to import petroleum products, and Japan terminated imports of woven cotton fabrics and aluminium. However, Japanese imports of these two products had been very small in the earlier year of comparison.

With respect to the incidence of import of the individual products in 1965 (1960 figures shown in parentheses), products imported by all eight selected markets were preserved fruit (4), preserved vegetables (4), pig iron (not available), pulp and waste paper (4), leather (2), floor coverings (4), and animal and

Table 29. Imports of twenty leading semi-manufactured and manufactured products from Africa into selected developed countries, ^a

Products SITC No.	Belgium-Luxembourg				Netherlands				Federal Republic of Germany				France
	value		(per cent)		value		(per cent)		value		(per cent)		Value
	1960	1965	1960	1965	1960	1965	1960	1965	1960	1965	1960	1965	1960
112	542	339	0.2	0.2	—	14	—	—	1,303	1,260	0.5	0.8	276,027
689	15,442	28,745	48.8	62.9	—	—	—	—	—	1	—	—	369
332	—	760	—	2.1	905	2,231	53.7	6.0	—	2,252	—	6.1	139
032	—	411	—	1.7	—	236	—	1.0	1,988	2,426	8.7	10.1	16,349
631	—	52	—	0.2	522	1,106	4.1	5.1	882	2,499	7.0	11.6	2,439
684	3,133	1,266	16.8	6.0	246	101	1.3	0.5	—	—	—	—	13,916
013	—	—	—	—	—	—	—	—	—	1,190	—	5.7	1,677
053	—	218	—	1.1	—	475	—	2.3	844	1,498	6.4	7.3	10,061
072.2)	—	—	—	—	362	2,299	8.0	11.3	—	—	—	—	798
072.3)	—	—	—	—	—	—	—	—	—	—	—	—	—
551	—	—	—	—	249	259	1.8	1.6	—	192	—	1.2	9,098
055	—	113	—	0.8	353	337	4.8	2.3	3,299	456	44.7	3.1	2,928
671	...	36	...	0.2	...	18	...	0.1	...	276	...	1.9	...
513	...	—	...	—	...	—	...	—	...	3,779	...	40.5	...
251	473	534	24.4	6.1	268	1,000	13.8	11.4	—	621	—	7.1	376
611	—	1	—	—	—	7	—	0.1	—	596	—	8.2	3,345
651	600	350	9.4	5.0	—	200	—	2.8	4,183	6,210	65.8	88.4	163
657	—	61	—	1.3	—	139	—	2.9	315	2,985	30.7	62.9	419
652	—	1	—	—	1,673	849	18.1	18.2	188	199	2.0	4.3	293
641	332	438	4.4	10.1	380	105	5.1	2.4	168	58	2.2	1.3	5,981
431	—	68	—	2.2	—	244	—	8.0	267	383	12.1	12.6	642
Total	...	33,393	...	7.1	...	9,620	...	2.1	...	26,881	...	5.7	...
Total (excluding 671, 513)	20,522	33,357	4.6	7.5	4,958	9,602	1.1	2.2	13,437	22,826	3.0	5.1	345,020
Total (excluding 671, 513, 112)	19,980	33,018	11.6	11.7	4,958	9,588	2.9	3.4	12,134	21,566	7.0	7.7	68,993

Source information and footnotes: See on page 48.

vegetable oils, fats, and waxes (5). Imported by seven countries were miscellaneous non-ferrous metals (5), petroleum products (5), veneers and plywood (5), preserved fish (4), essential oils (5), and woven cotton fabrics (7). Imported by six countries were alcoholic beverages (3), textile yarn and thread (5), and paper and paperboard (5). Imported by five countries were cocoa preparations (4) and inorganic chemicals (not available). Aluminium (5) and preserved meat (3) were imported by four countries. This general increase in the participation of the selected market economies between 1960 and 1965 must be qualified, however, by the observation that in most cases the values of the new imports appearing in 1965 were rather small.

For African exports of these products to individual markets, a benchmark figure of \$0.5 million may be unduly high to consider as indicative of a significant market, but if this figure is taken, then it is seen that of the products imported by all eight selected countries in 1965, there were few significant new individual markets. Of the four new markets for preserved fruit, only the Netherlands approached the benchmark figure, and of four new markets for preserved vegetables, only Italy approached this figure. For pulp and waste paper, Italy and the Federal Republic of Germany took new imports of \$1.0 million and \$0.6 million, respectively. Of six new markets for leather, only the Federal Republic of Germany surpassed the benchmark. There were no significant new markets for floor coverings or

animal and vegetable oils, fats, and waxes. For the products imported by seven countries, petroleum products had gained three significant new markets by 1965, the United Kingdom, \$8.1 million, the Federal Republic of Germany, \$2.3 million, and Belgium-Luxembourg, \$0.8 million, although a 1960 market of \$0.5 million in the United States was entirely lost by 1965. The new market for preserved fish in Belgium-Luxembourg was approaching the benchmark in 1965. Of the other products imported by seven countries, none showed significant new markets. As for all other products, only cocoa preparations and preserved meat showed new significant markets, Japan for the former products, \$2.7 million, and the Federal Republic of Germany for the latter, \$1.2 million.

To summarize, the main markets for the leading African exports of semi-manufactures and manufactures are characterized by a large degree of concentration in a few countries for most products. There has been a considerable increase in the participation of these markets in the number of the leading products imported between 1960 and 1965. However, in only a few cases did these new markets provide significant outlets in terms of value.

Because of the limitations of available data, the following analysis of the sources of 20 leading African exports of semi-manufactured and manufactured products uses the country classification employed by the OECD,²¹ which includes independent African

²¹ In OECD, *Foreign Trade by Commodity*, Series C, 1965.

by individual markets, 1960^b — 1965 (\$ thousand c.i.f.)^c

(This table is continued on page 48)

France (cont'd)			Italy				Total EEC				United Kingdom			
value	(per cent)		value	(per cent)			value	(per cent)			value	(per cent)		
1965	1960	1965	1960	1965	1960	1965	1960	1965	1960	1965	1960	1965	1960	1965
162,271	99.3	99.0	—	1	—	—	277,872	163,885	100.0	100.0	—	30	—	—
368	1.2	0.8	—	25	—	0.1	15,811	29,139	50.0	63.7	3,034	4,467	9.6	9.8
17,073	8.3	46.3	119	4,539	7.1	12.3	1,163	26,855	69.1	72.8	—	8,100	—	21.9
16,980	71.7	70.6	3,945	2,795	17.3	11.6	22,282	22,848	97.7	95.0	—	11	—	—
3,178	19.4	14.8	—	5	—	—	3,843	6,840	30.5	31.8	6,098	11,304	48.4	52.6
14,023	74.5	66.6	—	—	—	—	17,295	15,390	92.6	73.1	—	—	—	—
2,180	12.5	10.4	1,914	1,543	14.2	7.4	3,591	4,913	26.7	23.5	9,860	15,992	73.3	76.5
15,358	76.8	74.3	—	95	—	0.5	10,905	17,644	83.2	85.4	1,691	2,929	12.9	14.2
5,664	17.6	27.9	—	—	—	—	1,160	7,963	25.5	39.3	1,746	6,577	38.4	32.4
11,510	67.3	73.2	—	30	—	0.2	9,347	11,991	69.1	76.2	870	948	6.4	6.0
11,299	39.6	76.4	—	441	—	3.0	6,580	12,646	89.1	85.5	805	1,907	10.9	12.9
10	...	0.1	...	399	...	2.8	...	739	...	5.1	...	2,476	...	17.2
1,163	...	12.5	...	85	...	0.9	...	5,027	...	53.9	...	...	...	...
1,233	19.4	14.0	—	1,016	—	11.5	1,117	4,404	57.7	50.1	819	4,231	42.3	48.1
2,958	70.4	40.5	—	23	—	0.3	3,345	3,585	70.4	49.1	1,408	3,494	29.6	47.9
—	2.6	—	—	29	—	0.4	4,946	6,789	77.8	96.7	456	190	7.2	2.7
1,250	40.8	26.3	—	33	—	0.7	734	4,468	71.5	94.1	—	17	—	0.4
139	3.2	3.0	197	316	2.1	6.8	2,351	1,504	25.4	32.2	985	617	10.6	13.2
3,645	79.9	84.4	—	28	—	0.6	6,861	4,274	91.7	99.0	621	45	8.3	1.0
634	29.0	20.8	—	30	—	1.0	909	1,359	41.1	44.6	662	617	29.9	20.2
270,936	...	57.8	...	11,433	...	2.4	...	352,263	...	75.1	...	63,952	...	13.6
269,763	76.6	60.6	6,175	10,949	1.4	2.5	390,112	346,497	86.6	77.8	29,055	61,476	6.5	13.8
107,492	40.0	38.2	6,175	10,948	3.6	3.9	112,240	182,612	65.1	64.9	29,055	61,446	16.9	21.8

countries, dependent territories, and areas such as the Equatorial Customs Union (Central African Republic, Chad, Congo (Brazzaville), and Gabon), and British and Spanish Associated Overseas Communities. By this classification, there were 30 African countries or areas involved in export to the selected developed market economies in 1965, of which six were in North Africa, eight in West Africa, three in Central Africa, nine in East Africa, and four in Other Africa. (See Table 30.)

The degree of participation by the countries and areas in the export of these products was uneven. Morocco exported 14 of these products, followed by Tunisia and the UAR with 10; Algeria, nine; Nigeria, Kenya, Malagasy Republic, and Rhodesia, seven; Mozambique, six; Angola, five; Senegal and Tanzania, four; Libya, Sudan, Cameroon, Congo (Kinshasa), Ethiopia, and Zambia, three; Guinea, the Equatorial Customs Union, Reunion, Somalia, and Spanish AOC, two; and Liberia, Togo, Upper Volta, Malawi, and British AOC, one. Thus, the maximum exported by any one country was 14 products, eight countries or areas exported between six and 10 products, and 21 countries or areas exported between one and five products.

With respect to country or area participation in the export of individual products, essential oils,

perfume and flavour materials, SITC No. 551, and animal and vegetable oils, fats, and waxes, SITC No. 431, were exported by the largest number of countries, 14. Reunion and the Malagasy Republic accounted for nearly half of the essential oils, while Angola, Tanzania, and Ethiopia exported over three-fifths of the animal and vegetable oils, fats, and waxes. Petroleum products, SITC No. 332, were exported by 11 countries, led by Algeria with over half the total. Preserved fish, SITC No. 032, preserved fruit, SITC No. 053, and preserved vegetables, SITC No. 055, were each exported by 10 countries and areas. In the case of preserved fish, Morocco supplied over two-thirds of the total; Morocco and Ivory Coast supplied over 70 per cent of the preserved fruit; and Morocco and Algeria supplied over 70 per cent of the preserved vegetables.

Veneers and plywood, SITC No. 631, were exported by nine countries, led by the Equatorial Customs Union, which exported over two-fifths of the total. Pulp and waste paper, SITC No. 251, was exported by eight countries, led by Morocco, which supplied over two-fifths of the total. Angola and Tunisia together accounted for another half of the total. Canned meat, SITC No. 013, and leather, SITC No. 611, were each exported by seven coun-

Table 29. Imports of twenty leading semi-manufactured and manufactured products from Africa into selected developed countries, ^a by individual markets, 1960 ^b — 1965 (\$ thousand c.i.f.) ^c (cont'd)

Products SITC No.	United States				Japan				Total			
	value		(per cent)		value		(per cent)		value		(per cent)	
	1960	1965	1960	1965	1960	1965	1960	1965	1960	1965	1960	1965
112	—	—	—	—	—	—	—	—	277,872	163,915	100.0	100.0
689	8,731	9,812	27.6	21.5	4,042	2,295	12.8	5.0	31,618	45,713	100.0	100.0
332	504	—	29.9	—	17	1,958	1.0	5.3	1,684	36,913	100.0	100.0
032	516	1,183	2.3	4.9	—	—	—	—	22,798	24,042	100.0	100.0
631	2,646	3,337	21.0	15.5	—	—	—	—	12,587	21,481	100.0	100.0
684	1,383	5,650	7.4	26.9	2	—	—	—	18,680	21,040	100.0	100.0
013	—	—	—	—	—	—	—	—	13,451	20,905	100.0	100.0
053	505	88	3.9	0.4	—	1	—	—	13,101	20,662	100.0	100.0
072.2)	1,639	3,063	36.1	15.1	—	2,684	—	13.2	4,545	20,287	100.0	100.0
072.3)	—	—	—	—	—	—	—	—	—	—	—	—
551	3,135	2,739	23.2	17.4	166	53	1.2	0.3	13,518	15,731	100.0	100.0
055	—	189	—	1.3	—	52	—	0.4	7,385	14,794	100.0	100.0
671	...	465	...	3.2	...	10,734	...	74.5	...	14,414	...	100.0
513	...	4,264	...	45.7	...	42	...	0.5	...	9,333	...	100.0
251	—	147	—	1.7	—	15	—	0.2	1,936	8,797	100.0	100.0
611	—	215	—	2.9	—	3	—	—	4,753	7,297	100.0	100.0
651	956	44	15.0	0.6	—	—	—	—	6,358	7,023	100.0	100.0
657	291	260	28.4	5.5	1	2	0.1	—	1,026	4,747	100.0	100.0
652	5,923	2,546	63.9	54.6	9	—	0.1	—	9,268	4,667	100.0	100.0
641	—	—	—	—	—	—	—	—	7,482	4,319	100.0	100.0
431	527	832	23.8	27.3	114	242	5.2	7.9	2,212	3,050	100.0	100.0
Total	...	34,834	...	7.4	...	18,081	...	3.9	...	469,130	...	100.0
Total (excluding 671, 513)	26,756	30,105	5.9	6.8	4,351	7,305	1.0	1.6	450,274	445,383	100.0	100.0
Total (excluding 671, 513, 112)	26,756	30,105	15.5	10.7	4,351	7,305	2.5	2.6	172,402	281,468	100.0	100.0

Source: Institute of Asian Economic Affairs, *Asian Trade Statistics, Imports*, 1961; OECD, *Foreign Trade by Commodity*, Series C, 1960 and 1965; UN, *Commodity Trade Statistics*, Series D, 1960 and 1965.

^a EEC, United Kingdom, United States, and Japan.

^b The figures for exports to Japan in 1960 use the 1961 data.

^c Except U.S. imports, which are reported f.o.b.

tries. Tanzania supplied one-third of the canned meat, while Rhodesia and Kenya together accounted for almost one-half of the total. For leather, Nigeria contributed over one-half and Morocco over one-third of the total. The number of countries participating in the export of alcoholic beverages, SITC No. 112, pig iron, SITC No. 671, and floor coverings, SITC No. 657, was five. Algeria predominated in the export of alcoholic beverages, with over four-fifths of the total. For pig iron, Rhodesia was in an equivalent position, supplying over four-fifths of the total. Algeria and Morocco together supplied almost three-quarters of the floor coverings.

Inorganic chemicals, SITC No. 513, and paper and paperboard, SITC No. 641, were each exported by four countries. Guinea accounted for virtually all export of inorganic chemicals. Algeria accounted for almost three-quarters of the paper and paperboard, and Morocco supplied almost all the rest. Miscellaneous non-ferrous metals, SITC No. 689, and cocoa preparations, SITC Nos. 072.2 and 072.3, were each exported by three countries. Congo (Kinshasa) supplied over nine-tenths of the miscellaneous non-ferrous metals, while Ghana provided just over one-half of the cocoa preparations. Cotton fabrics, SITC No. 652, were exported by two countries, and the UAR accounted for almost all the total. Finally, aluminium, SITC No. 684, and textile yarn and thread, SITC No. 651, were each exported by one country, Cameroon and the UAR, respectively.

Concerning over-all country participation in the exports of the 20 leading semi-manufactures and manufactures, the following observations may be made. Most of the products with the largest number of participating countries in 1965 consisted of edible processed agricultural products and of certain other relatively simply processed products of agriculture. The exception was petroleum products, which were exported by a large number of countries. Some forest products were also exported by a fairly large number of countries, but fewer than those participating in agricultural products. Metals were exported by a small number of countries, and the same was true of textiles. Even when there was relatively high numerical participation in the export of some leading products, a high degree of concentration in the importance of particular countries was characteristic.

As for the shares of the 30 countries or areas in the total of exports of the 20 leading semi-manufactures and manufactures to the selected developed economies, it must be realized that these proportions are affected by a number of factors, the number of products in which each country participated, the importance of each product in the total, and the weight of each country in each product. For instance, a country may participate in the largest number of exports of individual products, yet most of these may be low-ranking in value, or the country may have low shares of the exports of these products, or both conditions may obtain, and therefore the country may enjoy a relatively low share of total

exports. On the other hand, a country may participate in a relatively small number of exports of high-ranking individual products and account for large shares of each or most of them and will therefore enjoy a relatively high share of total exports. These various factors were reflected in the country shares of the total value of the 20 leading products.

In 1965 Algeria had by far the highest share of the 30 countries and areas in the export of the 20 leading products, 36.4 per cent, which was primarily due to its large export of alcoholic beverages. Morocco was second, with 14.0 per cent, followed by Congo (Kinshasa), 9.6 per cent; Cameroon, 5.7 per cent; and the UAR, 5.0 per cent. The remaining 25 countries or areas had shares of less than 5 per cent, and 13 of these accounted for only 1.0 per cent or less of the total. Even of these 13, there were nine which could claim only 0.2 per cent or less. Thus, most of the 30 countries and areas involved in exporting the 20 leading semi-manufactures and manufactures to the selected market economies had very small individual shares, and Algeria and Morocco together accounted for more than one-half of the total. One product, alcoholic beverages, accounted for 34.9 per cent of the total value of the exports of the 20 leading products.

In terms of the importance of the 20 leading exports of semi-manufactured and manufactured products in total exports of the 30 countries or areas to the selected developed market economies in 1965, they represented only 7.4 per cent of the total. However, for some individual countries their importance was much greater, representing 40.8 per cent of the total for Guinea and 23.7 per cent for Algeria. Five other countries or areas counted on these products for more than 10 per cent of their total exports to the selected developed market economies. These were Cameroon, 17.5 per cent; Morocco, 16.8 per cent; Reunion, 15.9 per cent; UAR, 13.8 per cent; and Congo (Kinshasa), 11.3 per cent. However, the high degree of product concentration for many of these countries must be recalled.

An analysis by sub-region shows that the North African Sub-region accounted for more than one-half of the exports of the 20 leading products, or 57.3 per cent, followed by the Central African Sub-region with 17.4 per cent, the East African Sub-region with 12.2 per cent, the West African Sub-region with 11.2 per cent, and Other Africa, with 1.9 per cent. Within the total of exports from these sub-regions to the selected developed market economies, the 20 leading products represented 11.2 per cent of the total for the North African Sub-region, 11.1 per cent for the Central African Sub-region, 5.2 per cent for the East African Sub-region, 3.6 per cent for Other Africa, and 3.5 per cent for the West African Sub-region. As indicated above, they represented only 7.4 per cent of total African exports to these economies.

Exports of semi-manufactured and manufactured products from developing countries to centrally

Table 30. African sources of imports into selected developed countries ^a
of twenty leading African semi-manufactured and manufactured products, 1965

SITC No.: Source	112			689			332			032		
	A	B	C	A	B	C	A	B	C	A	B	C
<i>North Africa</i>	161,569	98.6	6.7				30,963	83.9	1.3	17,250	71.7	0.7
Algeria - - -	138,245	84.3	19.2				20,826	56.4	2.9	159	0.7	—
Libya - - -							695	1.9	0.1	46	0.2	—
Morocco - - -	22,481	13.7	5.8				730	2.0	0.2	16,364	68.1	4.2
Sudan - - -							307	0.8	0.3			
Tunisia - - -	843	0.5	0.8				706	1.9	0.6	509	2.1	0.5
UAR - - -							7,699	20.9	4.5	172	0.7	0.1
<i>West Africa</i>							2,147	5.8	0.1	5,468	22.7	0.4
Ghana - - -							1,413	3.8	0.8			
Guinea - - -												
Ivory Coast - - -										801	3.3	0.3
Liberia - - -							241	0.7	0.1			
Nigeria - - -							493	1.3	0.1			
Senegal - - -										4,667	19.4	3.5
Togo - - -												
Upper Volta - - -												
<i>Central Africa</i>				41,171	90.1	5.6						
Cameroon - - -												
Congo (Kinshasa) - - -				41,171	90.1	10.3						
Eq. Cust. Union - - -												
<i>East Africa</i>	2,346	1.4	0.2	4,467	9.8	0.4	1,620	4.4	0.1	251	1.0	—
Ethiopia - - -												
Kenya - - -							1,620	4.4	1.6			
Malagasy Republic - - -	369	0.2	0.4									
Malawi - - -												
Reunion - - -	1,977	1.2	5.1									
Rhodesia - - -												
Somalia - - -										251	1.0	0.9
Tanzania - - -												
Zambia - - -				4,467	9.8	1.1						
<i>Other Africa</i>				75	0.1	—	2,183	5.9	0.9	1,073	4.5	0.4
Angola - - -				75	0.1	0.1				905	3.8	0.8
British AOC - - -												
Mozambique - - -												
Spanish AOC - - -							2,183	5.9	9.1	168	0.7	0.7
Total	163,915	100.0	2.6 ^c	45,713	100.0	0.7 ^c	36,913	100.0	0.6 ^c	24,042	100.0	0.4 ^c

Source information and footnotes: See on page 54.

planned economies rose from a negligible amount in 1955 to \$558 million in 1965. Between 1961 and 1965, the share of these products in total exports from developing countries to centrally planned economies, which more than quadrupled during 1955-1965, rose from 8 per cent to over 19 per cent. Nevertheless, the absolute level of exports of semi-manufactures and manufactures from developing countries to centrally planned economies was still small compared with such exports to developed market economies.

Detailed statistical information on exports of semi-manufactures and manufactures from developing countries to centrally planned economies is not readily available for individual products and countries of origin. It is known that in 1964 three de-

veloping countries were responsible for over 90 per cent of such exports. Yugoslavia was the main supplier in 1964, accounting for over 60 per cent of total exports of semi-manufactures and manufactures from the developing countries to centrally planned economies. Nearly half of these exports consisted of machinery and transport equipment. India was responsible for over one-fourth of the total, consisting mainly of jute manufactures, cotton piece goods, footwear, and coin manufactures.

The UAR was the third-ranking supplier in 1964 with about one-tenth of total exports of semi-manufactured and manufactured exports from all developing countries to the centrally planned economies. These goods from the UAR in 1964 were valued

(A = value in \$ thousand c.i.f. b; B = per cent share of product total; C = product per cent share in total imports from area.)

631			684			013			053			072.2 072.3		
A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
164	0.8	—							10,292	49.8	0.4			
									1,124	5.4	0.2			
164	0.8	—							7,925	38.4	2.0			
									1,243	6.0	1.1			
7,687	35.8	0.5				354	1.7	—	7,666	37.1	0.5	14,429	71.1	1.0
2,603	12.1	1.4							746	3.6	0.4	10,183	50.2	5.5
1,027	4.8	0.4							6,723	32.5	2.4	4,246	20.9	1.5
4,057	18.9	0.6				354	1.7	0.1	197	1.0	0.1			
13,480	62.8	1.8	21,012	99.9	2.9							5,727	28.2	0.8
124	0.6	0.1	21,012	99.9	13.7							5,727	8.2	3.7
3,863	18.0	1.0												
9,493	44.2	5.2												
						20,551	98.3	1.9	2,582	12.5	0.2			
						621	3.0	0.7						
						4,956	23.7	4.7	2,225	10.8	2.1			
						2,261	10.8	2.6						
						5,061	24.2	2.7	311	1.5	0.2			
						763	3.6	2.8						
						6,889	33.0	6.3	46	0.2	—			
150	0.7	0.1							122	0.6	—			
134	0.6	0.1												
16	0.1	—							122	0.6	0.3			
21,481	100.0	0.3 ^c	21,012 ^d	99.9 ^d	0.3 ^c	20,905	100.0	0.3 ^c	20,662	100.0	0.3 ^c	20,156 ^e	99.4 ^e	0.3 ^c

(Table 30 is continued on pages 52, 53, 54)

at \$34 million. Cotton goods have constituted the bulk of its exports to the centrally planned economies. However, a number of newly produced products were also exported from the UAR to these countries in recent years, such as processed foods, chemicals, gasoline, fuel oil, artificial fibres and yarn, medications, footwear, and certain other consumer goods, for some of which the centrally planned economies are the largest export markets. As a result, the share of semi-manufactures and manufactures in total exports of the UAR to these countries is estimated to have reached 20 per cent in 1965.

Exports of textile yarn and fabrics from all African countries, presumably mostly from the UAR, to the centrally planned economies went up sixfold

between 1961 and 1965, compared with an increase of two and one-half times in total exports of these products from Africa. Consequently, the share of exports of textile yarn and fabrics from Africa to the centrally planned economies in total exports of these products increased from 18.8 per cent in 1961 to 45.6 per cent in 1965. It should also be noted that the share of textile yarn and fabrics in the combined total of African exports of these products and of textile fibres increased fivefold to centrally planned economies and twofold to developed market economies, the proportions amounting to 21.8 per cent and 8.3 per cent, respectively, in 1965.

It should be noted that some trade agreements and particularly arrangements on industrial co-

Table 30. (cont'd) African sources of imports into selected developed countries ^a
of twenty leading African semi-manufactured and manufactured products, 1965

SITC No.: Source	551			055			671			513		
	A	B	C	A	B	C	A	B	C	A	B	C
<i>North Africa</i>	6,312	40.1	0.3	12,980	87.7	0.5	27	0.2	—	150	1.6	—
Algeria - - -	1,241	7.9	0.2	4,045	27.3	0.6						
Libya - - -												
Morocco - - -	2,114	13.4	0.5	6,593	44.6	1.7	27	0.2	—	63	0.7	—
Sudan - - -												
Tunisia - - -	975	6.2	0.9	581	3.9	0.5						
UAR - - -	1,982	12.6	1.2	1,761	11.9	1.0				87	0.9	0.1
<i>West Africa</i>	985	6.3	0.1	214	1.4	—	—			9,141	97.9	0.6
Ghana - - -	138	0.9	0.1									
Guinea - - -	573	3.6	2.4							9,141	97.9	38.4
Ivory Coast - - -	238	1.5	0.1									
Liberia - - -												
Nigeria - - -				109	0.7	—						
Senegal - - -												
Togo - - -				105	0.7	0.3						
Upper Volta - - -	36	0.2	1.7									
<i>Central Africa</i>				102	0.7	—						
Cameroon - - -												
Congo (Kinshasa) - - -				102	0.7	—						
Eq. Cust. Union - - -												
<i>East Africa</i>	8,293	52.7	0.8	1,498	10.1	0.1	12,642	87.7	1.2			
Ethiopia - - -												
Kenya - - -	129	0.8	0.1	231	1.6	0.2						
Malagasy Republic - - -	3,376	21.5	3.8	1,094	7.4	1.2						
Malawi - - -							256	1.8	1.1			
Reunion - - -	4,178	26.6	10.8									
Rhodesia - - -	57	0.4	—	173	1.2	0.1	12,312	85.4	6.6			
Somalia - - -												
Tanzania - - -	553	3.5	0.5									
Zambia - - -							74	0.5	—			
<i>Other Africa</i>	141	0.9	0.1				1,745	12.1	0.7	42	0.5	—
Angola - - -												
British AOC - - -	141	0.9	0.2									
Mozambique - - -							1,745	12.1	4.2	42	0.5	0.1
Spanish AOC - - -												
Total - - -	15,731	100.0	0.2 ^c	14,794	100.0	0.2 ^c	14,414	100.0	0.2 ^c	9,333	100.0	0.1 ^c

Source information and footnotes: See on page 54.

operation between African countries and centrally planned economies, involving imports of products made in plants set up with technical and financial assistance by the latter countries, have contributed to the increase in African exports of semi-manufactures and manufactures to these countries. These arrangements are likely to play an increasingly important role in the future.

In 1965, total trade among developing countries amounted to \$7,900 million, an increase of 35 per cent over 1955. Trade in semi-manufactures and manufactures among developing countries rose from \$925 million in 1955 to \$1,800 million in 1965, and the share of these products in their total trade increased from 15.8 per cent to 22.3 per cent. As a

result of a larger increase in their total exports of semi-manufactures and manufactures to other economies than in their intra-trade in these products, the share of the intra-trade as a proportion of their total exports of these products decreased from 49.6 per cent in 1955 to 36.0 per cent in 1965. This trade is concentrated on a limited range of products, mainly textiles and other light manufactures. It should be noted, in this connexion, that in 1965 only 13.7 per cent of African total imports of textile yarn and fabrics from all developing countries came from within the region, while for Asia it amounted to 95.7 per cent and for Latin America 32.8 per cent. In the case of Latin America, this represented a very large increase from 9.6 per cent in 1961.

(A = value in \$ thousand c.i.f. b; B = per cent share of product total; C = product per cent share in total imports from area.)

251			611			651			657			652		
A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
5,938	67.5	0.2	2,522	34.6	0.1	7,023	100.0	0.3	4,253	89.6	0.2	4,465	95.7	0.2
									1,890	39.8	0.3			
47	0.5	—							1,633	34.4	0.4			
3,709	42.2	1.0	2,515	34.5	0.6									
			1	—	—									
2,182	24.8	2.0	6	0.1	—	7,023	100.0	4.1	615	13.0	0.6	4,465	95.7	2.6
									115	2.4	0.1			
45	0.5	—	3,977	54.5	0.3							202	4.3	—
45	0.5	—	3,921	53.7	0.6							202	4.3	0.2
			56	0.8	—									
209	2.4	—	798	10.9	0.1				494	10.4	—			
96	1.1	0.1												
			403	5.5	0.4									
			395	5.4	0.4				494	10.4	0.6			
113	1.3	0.1												
2,605	29.6	1.1												
2,306	26.2	2.0												
299	3.4	0.7												
8,797	100.0	0.1 °	7,297	100.0	0.1 °	7,023	100.0	0.1 °	4,747	100.0	0.1 °	4,667	100.0	0.1 °

The relatively higher growth of exports of semi-manufactured and manufactured products from the developing countries to the world as compared with their intra-trade is a result of numerous factors. Among the main reasons for this trend are the similar patterns of industrialization and import-substitution in developing countries, a relative lack of established commercial contacts, and, in some cases, the large distances which separate the developing countries. Also, the developing countries make an effort to increase their exports to particularly developed market economies in order to obtain the necessary foreign exchange for expansion of imports from these economies, and this plays a considerable role in the trend. With respect to the intra-trade of de-

veloping countries, intra-regional trade accounted for the bulk. In 1965, intra-Asian trade led in the total trade in semi-manufactured and manufactured products among the developing countries, followed by intra-African trade and then intra-Latin American trade.

Of total Asian exports of these products to developing countries, 75 per cent was exported within Asia. The respective proportions were 85.5 per cent for Africa and 94.0 per cent for Latin America. The much higher absolute value of Asian exports accounts for the leading position of Asia in intra-trade on an absolute basis. Between 1955 and 1965 there was also some decline in the relative importance of exports of semi-manufactures and manufactures

Table 30. (cont'd) African sources of imports into selected developed countries ^a
of twenty leading African semi-manufactured and manufactured products, 1965

(A = value in \$ thousand c.i.f. ^b; B = per cent share of product total;
C = product per cent share in total imports from area.)

SITC No. Source	641			431			Total,* 20 products (\$ thousand c.i.f. ^b)	Total,* all imports into selected countries (\$ thousand c.i.f. ^b)	Share of* 20 pro- ducts in total im- ports from area (per cent)	Area share* in 20 products imported (per cent)
	A	B	C	A	B	C				
North Africa	4,273	98.9	0.2	602	19.7	—	268,783	2,403,590	11.2	75.3
Algeria - - -	3,176	73.5	0.4	69	2.3	—	170,775	721,138	23.7	36.4
Libya - - -							788	898,274	0.1	0.2
Morocco - - -	1,070	24.8	0.3	304	10.0	0.1	65,692	390,231	16.8	14.0
Sudan - - -				71	2.3	0.1	379	112,560	0.3	0.1
Tunisia - - -	27	0.6	—	86	2.8	0.1	7,767	111,756	6.9	1.7
UAR - - -				72	2.4	—	23,382	169,631	13.8	5.0
West Africa - - -				44	1.4	—	52,359	1,492,194	3.5	11.2
Ghana - - -							15,083	184,037	8.2	3.2
Guinea - - -							9,714	23,810	40.8	2.1
Ivory Coast - - -							13,035	278,568	4.7	2.8
Liberia - - -							241	211,009	0.1	0.1
Nigeria - - -				44	1.4	—	9,023	628,094	1.4	1.9
Senegal - - -							5,122	132,528	3.9	1.1
Togo - - -							105	31,972	0.3	—
Upper Volta - - -							36	2,176	1.7	—
Central Africa				154	5.0	—	81,646	737,195	11.1	17.4
Cameroon - - -							26,863	153,197	17.5	5.7
Congo (Kinshasa) - - -							45,136	399,805	11.3	9.6
Eq. Cust. Union - - -				154	5.0	0.1	9,647	184,193	5.2	2.1
East Africa	46	1.1	—	1,467	48.1	0.1	57,264	1,094,942	5.2	12.2
Ethiopia - - -				452	14.8	0.5	1,169	93,632	1.2	0.2
Kenya - - -				103	3.4	0.1	9,667	104,494	9.3	2.1
Malagasy Republic - - -				194	6.4	0.2	8,183	88,032	9.3	1.7
Malawi - - -							256	24,036	1.1	0.1
Reunion - - -							6,155	38,644	15.9	1.3
Rhodesia - - -	46	1.1	—				18,073	187,692	9.6	3.9
Somalia - - -							1,014	27,192	3.7	0.2
Tanzania - - -				680	22.3	0.6	8,168	110,004	7.4	7.1
Zambia - - -				38	1.2	—	4,579	421,216	1.1	1.0
Other Africa				783	26.0	0.3	8,919	246,482	3.6	1.9
Angola - - -				730	23.9	0.6	4,150	116,260	3.6	0.9
British AOC - - -							141	64,482	0.2	—
Mozambique - - -				53	1.7	0.1	2,277	41,756	5.4	0.5
Spanish AOC - - -							2,351	23,984	9.8	0.5
Total - - -	4,319	100.0	0.1 ^c	3,050	100.0	— ^c	468,971 ^f	5,974,403 ^g	7.4 ^h	100.0 ⁱ

Source: OECD, *Foreign Trade by Commodity*, Series C, 1965; UN, *Commodity Trade Statistics*, Series D, 1965.

^a EEC, United Kingdom, United States, and Japan. ^b Except U.S. imports, which are reported f.o.b. ^c Based on total value of imports of \$6,340,078, given in Table 28. ^d By this area breakdown, \$28,000 unidentified from total in Table 29.

^e By this area breakdown, \$131,000 unidentified from total in Table 29. ^f By this area breakdown, \$159,000 unidentified from total in Table 29. ^g By this area breakdown, \$365, 675 unidentified from total in Table 28. ^h Based on the complete totals in Table 28. ⁱ Since the discrepancy in the total value of these products is only about .0003, a percentage of 100.0 is still obtained.

* Totals shown are the sums of the information indicated in tabular form on pages 50-54 of this chapter.

within Asia and Africa in relation to their total exports of such products to all developing countries, but an opposite tendency asserted itself in Latin America, where the relative importance of exports within the region, which was already very high in 1955, increased to an even greater proportion in 1965. In 1965, African total exports of semi-manufactured and manufactured products to the other

developing regions appear to have amounted to about \$65 million.

Tariff and non-tariff barriers to African exports of semi-manufactured and manufactured products

The establishment of better conditions of access in the markets of the developed part of the world for exports of manufactures and semi-manufactures

from developing countries would make a powerful contribution to closing the trade gap and to economic development. This is of particular importance to Africa, whose present share in exports of manufactures and semi-manufactures from the developing world is very low. Improved conditions of access for African exports of these products would help to overcome the handicap of generally inadequate national markets and the disadvantages of inward-looking economic development based on import substitution and would enable industrialization on a more rational, export-oriented basis.

Besides such unfavourable factors as the incidence of effective as distinct from nominal tariff rates and tariff escalation according to the degree of processing, to be discussed in Chapter 5, another key element of the tariff structure of the developed market economy countries is its preferential aspects, especially with respect to the two Western European economic groupings. Two considerations are involved. First, the developed partners in these groupings extend to each other preferential tariff and quota treatment. The duties on intra-EEC trade are to be abolished and a common tariff on imports from third countries put into full effect by 1 July 1968, while EFTA already eliminated virtually all tariffs and quotas on intra-area trade in industrial products by the end of 1966. Thus, in addition to the creation of new competitive advantages consequent upon the process of internal trade liberalization, and of economic integration in the EEC, the developed partners also continue to enjoy tariff protection over a wider economic area in favour of their presently presumably more efficient industries. This is of particular concern to the developing countries outside these groupings. Second, preferential treatment has been extended by these groupings to developing countries associated with them, or by particular countries within the groupings.

All this is relevant to developing Africa. On the one hand, it would appear that the preferential treatments granted by the EEC to its African associates and by the United Kingdom to the African members of the Commonwealth have favoured some of their processed exports competing with similar products from other sources and in certain cases have led to the establishment of export-oriented industries. On the other hand, an evaluation of the benefits of preferential treatment granted to African countries must take into account the effect of the reciprocal preferences which they extend to their developed partners, in particular the relation of these reciprocal preferences to the prospects of economic integration among African countries. There is also the problem of the competitive position of African countries which do not benefit from either EEC or Commonwealth preferences.

Certain African countries, some of which may have been influenced by the possibility of the accession of the United Kingdom to the EEC and by a desire to enter the EEC Association before 1969,

have also been induced to seek special preferential agreements with the EEC. An association agreement was signed with Nigeria in July 1966, the latter having agreed to depart from its policy of tariff non-discrimination in favour of some EEC products in exchange for EEC preferences. At the same time, it has been able to keep its Commonwealth preferences. Negotiations have also been proceeding on a similar association between the EEC and the three East African countries with their own common market, Kenya, Tanzania, and Uganda, as well as between the EEC and three Maghreb countries, Algeria, Morocco, and Tunisia. In both cases these negotiations have been exploring some reciprocal preferences on the part of the African countries concerned. It is understandable that countries wish to counteract a threat to their privileged position in traditional markets or desire to strengthen their position in such markets through preferential treatment for their exports. It is equally understandable that some countries are unwilling to renounce existing preferences without assurance that any new world-wide arrangements would provide them with at least equivalent advantages. Difficult as it is to resolve this problem, any proliferation of special preferential arrangements in favour of additional selected African or other developing countries can only militate against the successful negotiation of a general preferential system in favour of all developing countries.

An examination of the results of the Kennedy Round for the EEC countries, the United Kingdom, the United States, and Japan shows that as far as semi-manufactures and manufactures are concerned, the deepest cuts were generally made in products of most interest to the developed countries, such as chemicals, machinery and transport equipment, and miscellaneous manufactured products. Lesser but fairly substantial cuts were made in textiles and iron and steel. However, on textiles there still remains a striking degree of tariff escalation from the raw-material stage of textile fibres through semi-finished textiles and up to clothing. This pattern of escalation differs markedly from and is much greater than that on products starting from ores, through semi-finished iron and steel and non-ferrous metals, to such finished products of metallic origin as non-electrical and electrical equipment, automobiles and other transport equipment, and precision instruments, which are mainly of interest to industrial countries and generally involve advanced technological processes.

For products of interest to developing countries, tariffs on petroleum products and non-ferrous metals were generally low before the Kennedy Round. Duties on alcoholic beverages were cut relatively little, as were those on most processed foodstuffs, oils, and fats, and on clothing and other textile goods. In addition, a number of oils and fats were faced with non-tariff barriers, and textiles and clothing meet quota restrictions under the Long-term

Cotton Textile Agreement. Thus, the average rates on the products which were affected by high rates of duty before the Kennedy Round are even more conspicuously above over-all average rates now. It would also appear that in the iron and steel and chemicals categories, products of interest to developing countries generally obtained considerably smaller reductions than those products predominantly of interest to the developed countries. It should also be observed that in the tariffs of the major developed economy markets, the pre-Kennedy Round average effective rates on products of interest to the developing countries were higher than the average effective rates on other products. Moreover, the Kennedy Round reductions in effective tariffs on the products of interest to developing countries were smaller than those on other products. The discrepancy in effective rates between the two types of products is therefore even more pronounced after the Kennedy Round than before.

Comprehensive tables showing the pre- and post-Kennedy Round tariffs and non-tariff restrictions on selected African semi-manufactured and manufactured products imported into the EEC countries, the United Kingdom, the United States, and Japan are presented in Chapter 5 and are accompanied by a detailed textual commentary. It is sufficient at this point, therefore, to summarize and make a general evaluation of the post-Kennedy Round situation on some of the leading African semi-manufactures and manufactures already discussed in this Chapter in terms of 1965 imports. At this point, the extent of the reductions in the tariffs will not be discussed.

Where a range of tariffs applies to one product, in Table 31 only those rates relevant to Africa are shown, whenever this is ascertainable. The preferential arrangements in the EEC and the United Kingdom are taken into account. Since as of 1 July 1968 all imports into the EEC from the Associated

Table 31. Tariffs ^a and non-tariff restrictions ^b on semi-manufactured and manufactured products in four major import markets (per cent, unless otherwise noted)

Product	EEC	United Kingdom	United States	Japan
<i>Processed agricultural products:</i>				
alcoholic beverages ^c	...	...	...	...
fish	20 — 25 R(F)	8 — 10	1.25 — 12.5	10 — 20 GQ
meat	0 — 26	10 — 15	0.3 — 7.5	10 — 25
fruit	0 ^d — 50 GQ(G); R(F)	0 — 18 GQ	2.7 — 49.9	17 — 45 GQ
vegetables	18 — 24	5 — 15	8.5	17.5 — 35
cocoa preparations	16 ^d — 25	0	0 — 5	5 — 10 GQ
leather	3 — 9	8 — 16	4 — 9	7.5 — 20 GQ
<i>Metals:</i>				
aluminium	9(5 ^e)	0 — 5	0.3 — 3.1	9
pig iron	0 — 4	0 — 8	0 — ^f	5
<i>Petroleum products:</i>				
petroleum oils	5 — 7	3s.3d/gal.	4.5	7.5 — 22
<i>Forest products:</i>				
plywood	13	10 — 15	20	15
pulp	0 — 3(0 ^g)	0	0	0 — 5
paper	10 — 12	10 — 15	3.1 — 9.2	10 — 15
<i>Textiles: ^h</i>				
floor coverings	24	17.5 — 20	11	15
cotton yarn	4 — 8	7.5 — 13	3.4 — 14.5	3.5 — 10.5
cotton fabrics	14 — 15	17.5 GQ	5.9 — 18.1	7 — 17.5
<i>Chemicals:</i>				
inorganic chemicals ⁱ	5.5	8	4	7.5 — 10

^a Generally *ad valorem*, except specific in a few cases.

^b Code: CQ = import restriction under global quota; R = unspecified import restriction; (F) = France; (G) = Germany.

^c No tariff data are available, but duties are believed to be generally very high. Imports from Africa are taken almost entirely by France and are restricted by annual quota arrangements.

^d Conditional on right to revert to base rate if the market is "disrupted".

^e Reduced rate under tariff quota of 130,000 tons.

^f \$0.28 per ton plus additional duties.

^g For soda, sulphate, and sulphite wood pulp there is a global quota of 1,935,000 tons with no duty.

^h Imports of cotton textiles are regulated on a quota basis under the Long-term Cotton Textile Agreement. The UAR is the only African country party to the Agreement.

ⁱ Consisting almost entirely of aluminium oxide.

Table 32. Entry of imports ^a of leading African semi-manufactured and manufactured products into four major markets, 1965 (\$ million; F = free; D = dutiable)

Product	EEC						United Kingdom			United States		Japan	
	AAMS ^b	Algeria	Morocco Tunisia		Others		Common- wealth	Others		F	D	F	D
	F	F	F	D	F	D	F	F	D	F	D	F	D
<i>Processed agricultural products:</i>													
alcoholic beverages -	2.3	138.2	22.5	0.8									
fish - - -	5.7	0.2	11.3	5.6							1.2		
meat ^c - - -	3.0				1.0	0.9	16.0						
fruit ^d - - -	6.9	1.1	8.7	0.4	0.3	0.2	2.9						
vegetables - - -	1.3	4.0	6.1	0.6		0.6	0.5		1.4		0.2		
cocoa preparations -	6.3					1.7	6.2		0.4	2.6	0.5		2.7
leather - - -	0.5		2.3			0.8	3.5				0.2		
<i>Metals:</i>													
aluminium - - -	15.4										5.7		
pig iron ^e - - -						0.7	2.5				0.5		10.7
<i>Petroleum products:</i>													
petroleum oils - -		17.2		1.4		8.2	2.2		5.9				2.0
<i>Forest products:</i>													
plywood - - -	3.9					0.4	6.3		3.3		0.5		
pulp - - -			2.5		1.9		0.2	4.1		0.2			
paper - - -		3.3	0.9										
<i>Textiles:</i>													
floor coverings - -	0.5	1.9	0.5	1.4		0.1					0.3		
cotton yarn - - -				0.2		6.6			0.2				
cotton fabrics - -						1.5			0.6		2.5		
<i>Chemicals:</i>													
inorganic chemicals ^f						5.0					4.3		

^a Only values of at least \$0.1 million are shown.

^b Associated African and Malagasy States.

^c The allocation between free and dutiable is estimated for imports into the EEC from the category "Others".

^d The allocation between free and dutiable is estimated for

imports into the EEC from Morocco-Tunisia and "Others".

^e The allocation between free and dutiable is estimated for imports into the EEC from the category "Others" and for imports into the United States.

^f Consisting almost entirely of aluminium oxide.

African and Malagasy States (AAMS) and possibly from Algeria are to enter duty-free, the value of imports from these countries is taken to belong in this category. Imports from Morocco and Tunisia generally enjoy privileged treatment in the French market and are taken to belong in the duty-free category, but they are not in this position with respect to other EEC countries.

Some main conclusions emerge from the summary presentation in Tables 31, 32, and 33²² of tariffs and non-tariff restrictions on most leading African semi-manufactures and manufactures in the main developed market economy countries. These conclusions do not take specifically into account certain preferential arrangements of the EEC and the United Kingdom, but these are included generally within the totals.

In the classification of the products by type, it is found that the highest average tariffs by type of product fall on processed agricultural products in the markets of the EEC and Japan, while textiles experience the highest average tariffs in the markets of the United Kingdom and the United States. With

respect to the over-all averages of the four markets, the tariffs on processed agricultural products are slightly higher than on textiles. It is also to be noted that the United Kingdom has a very high specific tariff on petroleum products, which are also subjected to the second highest average tariff by Japan. In the light of the very high specific tariff of the United Kingdom, the average tariffs on these products must be considered as ranking with those on processed agricultural products and textiles. Non-tariff restrictions are most widely in force on processed agricultural products.²³ The lowest average tariffs are on metals. Tariff escalation is clearly noted in the distinction between pulp and paper and plywood products, and thus escalation according to degree of processing within forest products is an obvious conclusion from Table 31. Among the individual markets, Japan has the highest average tariffs, although the very high specific tariff on petroleum products in the United Kingdom must be taken into account in considering its over-all average.

²³ It is not as yet quite clear how the EEC regime designed to protect its food-processing industries will affect exports, especially processed fruit, from the AAMS countries.

²² See footnote 2.

Table 33. Summary table of entry of leading African semi-manufactured and manufactured products into four major markets, 1965 (F = free; D = dutiable)

Product	EEC		United Kingdom		United States		Japan	
	F	D	F	D	F	D	F	D
Processed agricultural products (\$ million)	-	-	221.7	11.6	29.1	1.8	2.6	2.1
(per cent)	-	-	95.0	5.0	94.2	5.8	55.3	44.7
Metals (\$ million)	-	-	15.4	0.7	2.5		6.2	
(per cent)	-	-	95.7	4.3	100.0		100.0	
Petroleum products (\$ million)	-	-	17.2	9.6	2.2	5.9		
(per cent)	-	-	64.2	35.8	27.2	72.8		
Forest products (\$ million)	-	-	12.5	0.4	10.6	3.3	0.2	0.5
(per cent)	-	-	96.9	3.1	76.3	23.7	28.6	71.4
Textiles (\$ million)	-	-	2.9	9.8		0.8		2.8
(per cent)	-	-	22.8	77.2		100.0		100.0
Chemicals (\$ million)	-	-		5.0				4.3
(per cent)	-	-		100.0				100.0
All imports listed (\$ million)	-	-	269.7	37.1	44.7	11.8	2.8	15.9
(per cent)	-	-	87.9	12.1	79.1	20.0	15.0	85.0

Concerning the implications of these observations, it must be remembered that processed agricultural products account for about one-half of all African exports of semi-manufactured and manufactured products and that the tariffs and non-tariff restrictions on these products affect some 20 African countries.

The products surveyed above represent 84.7 per cent of the value of the 20 leading African semi-manufactures and manufactures imported into the EEC, the United Kingdom, the United States, and Japan in 1965, or over two-thirds of all imports of African semi-manufactures and manufactures into these countries. In the case of the EEC, 87.9 per cent of the value of the listed products belong in the duty-free category. For the United Kingdom, the figure is 79.1 per cent. In the United States, only 15.0 per cent of the listed products enter duty-free, and all of them are subject to duty in Japan. Thus, for a small but important proportion of imports, the non-associated and non-Commonwealth countries face certain tariff barriers in the markets of the EEC and the United Kingdom. In the United States and especially Japan, most imports of semi-manufactures and manufactures from all African countries face tariff barriers, which are sometimes considerable.

Policy considerations

While the Kennedy Round has undoubtedly achieved some results, African countries must press for the establishment of a general preferential system, or, in the absence of this, for a new round of negotiations with the developed countries aimed particularly at the removal of those tariffs which affect the most vital African exports of semi-manufactured and manufactured products.

While a number of high tariffs on the leading African exports of semi-manufactures and manu-

factures still exist and should be lowered or entirely removed as soon as possible, there are many products faced with relatively low tariffs where quantitative and other non-tariff restrictions determine the amount of imports into the developed countries. Generally speaking, quantitative and other non-tariff restrictions may be considered as an increasingly important obstacle to imports from African and other developing countries and in some ways more important than tariff barriers. Quantitative restrictions are applied in most developed countries, to a greater or lesser extent, on certain products of substantial interest to the developing countries. These are most prevalent in France, the Federal Republic of Germany, and Japan. Furthermore, in some developed countries the restrictions are applied on a discriminatory basis, not only as between developed and developing countries, but as between developing countries themselves.

Adherence by the developed countries to standstill arrangements, combined with notification of existing restrictions and agreed procedures for their progressive removal within fixed periods, and periodic reviews of progress made should become an important concern of UNCTAD for action. There is also the problem of so-called "voluntary restrictions", which must receive attention for action. Another aspect of the removal of non-tariff restrictions concerns adjustment assistance in the developed countries to industries affected by increased imports of certain semi-manufactures and manufactures. African countries should press for the introduction of the necessary adjustment assistance measures in the developed countries as a means of ensuring a more rational and equitable international division of labour.

The broad features and various specific elements of a general preferential system for the import of semi-manufactures and manufactures from developing

into developed countries have been exhaustively dealt with in the various committees and groups established for that purpose in UNCTAD, such as the Special Committee on Preferences, the Group on Preferences at its two sessions, and recent Trade and Development Boards. It remains to be restated that the case for a general system of preferences can be seen as deriving directly from the case for better access and, in harmony with the general trends towards liberalization of world trade, from the need for priority to be given to the special and urgent needs of the developing countries. A general preferential system does not involve any more favourable treatment for developing countries than is already accorded to members of common markets or free trade areas.

The establishment of a preferential system for all developing countries would help not only to overcome the generally disadvantageous effects on their exports from the formation of regional groupings among developed countries but also to prevent the proliferation of preferential arrangements between some developed and developing countries, which threatens to create rival economic blocs and spheres of influence in the world. The existence of a general preferential system would tend to attract increased foreign investment into the developing countries and, by means of raising their level of industrialization and economic development, also facilitate regional economic co-operation among these countries.

However, it should be noted that even if such a system were established, it would have to be joined with other favourable measures on trade policy in order to stimulate effectively the required export expansion. For instance, if a general preferential system were accompanied by the maintenance of or increase in the existing quantitative or other non-tariff restrictions or by an increase in freight rates and handling charges or trade margins, the effectiveness of such a system could be completely vitiated. It must be remembered that a general preferential system, even if accompanied by reduction or elimination of all other trade barriers, would still not be a guarantee of increased trade but would merely create greatly increased trade opportunities for developing countries, of which they would have to take maximum advantage, especially as regards the competitiveness of their exports in the markets of the developed world.

A few remarks may be made on some specific elements of a general system of preferences. All countries seem to be agreed on the necessity for some kind of escape clause for the developed countries. However, in this connexion it should be stressed that should an escape clause be incorporated into the system, the developing countries must be given safeguards against indiscriminate invocation of it by the developed countries, through the provision of specific criteria, such as the fixing of a minimum volume of imports to be maintained on a preferential

basis, procedures for prior approval of the use of the escape clause by UNCTAD, or, at least, if the escape clause is to be invoked unilaterally, prompt consultation and review procedures within UNCTAD. Also to be guarded against are possible attempts by developed countries to exclude some sensitive items from the list of products covered by the system. As regards the definition of semi-manufactures and manufactures originating in the developing countries according to the degree of processing undergone in these countries, consideration may be given to adopting more liberal criteria in the case of the less developed among the developing countries to stimulate establishment of export-oriented industries. Finally, the duration of the system must be sufficiently long to enable especially the least-developed countries to take full advantage of it.

African countries have already decided to subscribe to and support a general system of preferences for imports of semi-manufactures and manufactures from developing countries into the developed countries,²⁴ which would include certain special measures to take account of differences in the degree of development among developing countries, through specific commitments of financial and technical assistance in the establishment of export-oriented industries, export promotion, and assistance in regional integrative efforts. Without calling this position into question, it is still permissible to ask what are the likely benefits of the preferential system for Africa. Judging by the survey of trends in African exports of semi-manufactures and manufactures and the relatively low degree of African development, one must conclude that the short-run benefits are not likely to be considerable, except perhaps for the few relatively more industrialized countries.

To benefit from the preferential system, first Africa must compete with the domestic producers in the developed countries on price and quality for those products exported by African countries and also produced in developed countries. Second, it must be able to maintain prices below the margin of protection afforded by preferences in cases where such African products compete with exports from those developed countries which have to surmount tariffs in other developed countries. Third, Africa must compete successfully with similar products exported by other developing countries. For many products already exported by other developing regions to the developed countries, no industries even as yet exist in Africa. Two main conclusions follow. First, the expansion of export-oriented industries in Africa is a matter of primary importance, whether they are to serve the markets of the developed countries, the other developing countries, or both. This will require a massive infusion of financial and technical assistance from the developed world. Second, the expansion of intra-African trade in semi-manufactures and manufactures within a

²⁴ See the African Declaration of Algiers.

framework of sub-regional economic co-operation is a matter of equal importance. A considerable amount of assistance is also needed to ensure the successful function of the sub-regional economic groupings in Africa.

In addition to the existence of various tariff and non-tariff barriers in the developed countries which affect the exports of manufactures and semi-manufactures from African countries, another obstacle to the expansion and diversification of such exports lies in various difficulties connected with their marketing in the developed countries. One difficulty is inadequate business contacts between African suppliers and the prospective customers in the developed countries. Such contacts, with importers, appropriate government departments and agencies, or the direct customers, as well as continued market surveys and research, are necessary to identify the potential buyers and to ascertain the requirements of the various markets as regards technical standards, quality, packaging, prices, credit terms, etc. A complementary approach would lie in international and national trade promotion centres and the establishment of special contact points, which would, *inter alia*, be especially concerned with providing technical assistance to African exporters in the marketing of their products, e.g., on quality standards and participation in trade fairs, and with providing guidance to and promoting collaboration with entrepreneurs on industrial co-operation with African countries, including the establishment of joint enterprises.

The establishment of new export-oriented industries in Africa in products with the best market potential in the developed countries requires both continued market research to identify such products and, on the supply side, sound industrial planning and the necessary technical know-how and capital investment. Regarding the latter, increased assistance is required from the developed countries in providing technical personnel, extending training facilities for African personnel, and encouraging

public and private investment, particularly through joint ventures, in new export-oriented industries in African countries. To this end, the policies of African countries themselves with regard to the promotion of such industries are critically important.²⁵ In this connexion, attention may be drawn to the proposal of the Executive Secretary of ECA for the creation of industrial information and promotion centres in Africa.²⁶

Recently, increased efforts have been made both bilaterally and multilaterally in trade information and training in techniques of export promotion. At a special meeting of the Executive Secretaries of the UN Regional Economic Commissions in January 1967, the decision was taken for co-ordination of activities and resources by the UN Department of Economic and Social Affairs, the Regional Economic Commissions, UNCTAD, UNIDO, and UNDP, under a joint United Nations export promotion programme. It would appear that there is some scope for co-ordination and intensification of the efforts of the various international, and perhaps even national, organizations and agencies concerned with promotion of exports of the developing countries. As one step, a joint UNCTAD-GATT International Trade Centre has been proposed. At the national level in developed countries, governmental and especially private agencies involved in these efforts could also be helpful in influencing public opinion and public policies to ensure full understanding and implementation of the principle of new international division of labour, with the consequent adjustment in the patterns and structure of industrial production between the developed and developing countries.

²⁵ See the report of the Joint UNCTAD/UNIDO Meeting of Experts to discuss United Nations technical assistance in the field of governmental policies for the promotion of exports of manufactures and semi-manufactures from developing countries (TD/B/C.2/43).

²⁶ ECA, *Report of the Executive Secretary on the Conference of Industrialists and Financiers* (E/CN.14/392), held at Addis Ababa in January 1967.

Chapter 5

POST-KENNEDY ROUND TARIFF AND NON-TARIFF BARRIERS FACING SELECTED PRODUCTS OF EXPORT INTEREST TO AFRICA

This chapter is an examination of the effects of the Kennedy Round on the access of selected African products to the four major markets of the United States, the European Economic Community, the United Kingdom, and Japan. It concentrates on selected products of actual and potential export interest to African countries. Where possible, the commodity and the semi-manufactures and manufactures derived therefrom have been grouped together in one table, in order to give a full picture of the tariff treatment of these exports at various stages of evolution from the raw material to the finished product. By this means, it is possible to detect readily escalation of tariff rates from raw materials through successive stages of processing. In almost any given group, the tariff rates increase directly with the degree of fabrication. The raw materials either will bear no duties at all or be subject to low duties, whereas higher duties are levied on the finished products. This escalation of tariff structures in the developed countries has an inhibiting effect on the establishment in the developing countries of the capacity to process the raw materials which they produce.

Each table is accompanied by a commentary which provides a brief analysis of its contents. Where considerable escalation of rates is apparent, attention is drawn to this. The commentaries also indicate the apparent improvement in access or otherwise to the four main markets for products or groups of products and the extent of barriers, tariff and non-tariff, which remain and call for further action. Finally, the products for which further action is required have been extracted from the main text and grouped in a summary at the end of the chapter.

In an evaluation of this sort, it is clear that a straight comparison of nominal tariff rates, accompanied by statistics indicating actual trade flows, will hardly be sufficient. In the first place, protection by developed countries is not necessarily in the form of tariffs but often is provided by quantitative restrictions and/or other non-tariff barriers. The latter therefore have been indicated in the tariff tables whenever they exist, and reference to them is also made in the commentaries. It also must be remembered that nominal tariffs, even when not accompanied by other import barriers, do not reflect the

real extent of protection afforded to domestic processing industries in the developed countries, as various studies have shown.¹ It has been observed that a low nominal tariff applied to a product at an intermediate processing stage can have a greater protective effect than a higher nominal tariff at the final stage of processing. In other words, the effective protection afforded to the manufacturing process does not normally correspond to the nominal tariff rate. The so-called effective tariff rate is that which measures the degree of protection accorded to the value added in the manufacturing process. As the value added decreases and the nominal duty levied on the product of the manufacturing process increases, so the protection rises. It declines with increasing duties levied on the materials used in the manufacturing process. It is negative if these duties exceed the duties levied on the product itself, but, as stated above, such instances are rare. Where the nominal rates on manufactures or changes in them because of the Kennedy Round cause noticeable increases or reductions in the effective rates of duty, attention is drawn to this in the commentaries.

Unless otherwise stated, the import statistics used throughout this paper are for the year 1964. This is the latest year for which trade flow data relating to tariff sub-headings are almost completely available. It was also used by the participants themselves in the Kennedy Round negotiations. In these circumstances, it is as well to remember the considerable changes in trade flows of certain products of export interest to Africa which have taken place since 1964, e.g., petroleum and bauxite. This paper has drawn liberally on the statistical information on trade flows already compiled by UNCTAD.² Other statistical sources used are: OECD, *Commodity Trade, Imports, January-December 1965, Detailed Analysis by Products*; EEC, *Foreign Trade, Analytical Tables, Import-1965*; U.S. Department of Commerce, *United States Imports of Merchandise for Consumption, 1966*; U.K. Board of Trade, *Overseas Trade Accounts of the United Kingdom, 1966*. The tariff

¹ For example, see UNCTAD, documents TD/B/C.2/25 and TD/B/C.2/26. Balassa, Bela, "Tariff Protection in Industrial Countries — an Evaluation", in *The Journal of Political Economy*, Vol. LXXIII, Dec. 1965, No. 6.

² UNCTAD, document TD/6/Supp. 5, 4 October 1967.

tables were compiled from U.S. Tariff Commission, *Tariff Schedules of the United States, Annotated*, 1965; EEC, *Customs Tariff of the European Communities*; U.K. Commissioners of Customs and Excise, *H.M. Customs and Excise Tariff*; and Japan Tariff Association, *Customs Tariff Schedules of Japan*.

Each tariff table gives full details of the pre- and post-Kennedy Round duty rates in per cent, unless there are specific duties which are indicated. Total imports of the particular products into each main market and the proportion of such imports which comes from African sources are also given. These import figures are given in \$ million. The contents of individual tariff headings and sub-headings are described, in order to provide more meaningful information on the nature of the concessions which may or may not have been made. The rates in parentheses are the conversion of a specific duty into an *ad valorem* equivalent (a.v.e.). Those within brackets denote a suspended or temporary rate or application of a rate different from that shown without brackets. Where tariff headings have been so extensively subdivided that the inclusion of full details is hardly warranted or statistical information on individual sub-divisions may not be available, a series of rates has been shown against a single item.

In the case of the EEC, the "autonomous" or statutory pre-Kennedy Round rates are shown,

except where a "conventional" rate already existed. Attention is drawn to the agricultural products of the Associated States in respect of which duties were abolished under the Yaoundé Convention or which form the subject of the agreement between the EEC and Nigeria. Imports of agricultural products from African Associate Member States into the EEC, other than those products governed by the agricultural regulations for a common organization of markets, reached a 75-per cent reduction of the basic rates of duty with effect from 1 July 1967. Industrial products originating in the Associated States have reached an 85-per cent reduction and are to be admitted duty-free into the EEC with effect from 1 July 1968. For the United Kingdom, the "full" rates of duty are shown. Unless otherwise stated, the Commonwealth rates are zero.

Symbols used in the tariff tables are:

- R = unspecified import restriction
- Q = import quota restriction
- CQ = import restriction under global quota
- L = licensing requirements (generally liberal)
- KR = Kennedy Round
- MFN = most-favoured nation
- C = Commonwealth
- Y = Yen
- (B) = Benelux
- (F) = France
- (G) = Federal Republic of Germany
- (I) = Italy

Table 34. Meat

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
02.01A - Meat, bovine, fresh, chilled, or frozen	10610		3cts/lb. (7.7)	3cts/lb. (7.7)	02.01.20		20	20
Imports total African				229.0 —				281.3 3.3
Ex 16.02 - Meat, prepared or preserved (selected meats)	10750	Beef in airtight containers	15	7½	16.02.94	Bovine meat or offals	26	26
Imports total African				34.3 ^a —				60.4 ^b 5.2
16.03 - Meat extracts and meat juices	10780		3.75cts/lb. (1)	1cts/lb. (0.3)		In immediate packings of a net content of:		
					16.03.10	20 kg. or more	2	0
					16.03.30	More than 1 kg. but less than 20 kg.	9	7
					16.03.50	1 kg. or less	24	20
Imports total African				3.4 —	16.03.10			31.5 3.9
					16.03.30			—
					16.03.50			—

^a 1966 and covers beef only. 1965 figure for all kinds of meat, 181.8.

^b 1965 and covers all kinds of meat.

The numbers of the products are based on the Brussels Trade Nomenclature (BTN). When "Ex" is placed before the number, it means that only some of the products within the BTN number have been selected for study, based upon the relevance to African export possibilities.

The object of the information contained in the commentaries and the tables is to facilitate for Member States of the ECA negotiations and other action on products which are of particular interest to them.

Tables and Commentaries by Product and Product Groups:

02.01A — Meat, bovine, fresh, chilled, or frozen

Ex 16.02 — Meat, prepared or preserved: bovine meat

16.03 — Meat extracts and juices

Total imports of fresh, chilled, or frozen beef by the four major markets are \$752.4 million, of which African countries account for only \$14.2 million, and about three-quarters of the African portion is imported from Commonwealth sources at zero duty. There has been no improvement in access to any of the markets, either by reduction of tariffs or other import barriers. Non-preferential tariffs are generally in the area of 20-25 per cent, except in the U.S., where they are less. Imports of meat into the EEC are governed by its common agricultural policy, through which protection is afforded by means of customs duty and an import levy system.

The EEC and the United Kingdom have almost the same importance as markets for bovine meat preparations. The United States is also a substantial importer. Of the considerable imports by the main markets, about \$158 million, only a relatively small proportion is supplied by African countries, and most of this is imported from preferential sources at zero duty. The United Kingdom has reduced its rate from 20 per cent to 15 per cent, and the United States has halved its duty from 15 per cent to 7.5 per cent. In the EEC and Japan (a minor importer), the duties are unchanged at relatively high rates, 26 per cent and 25 per cent, respectively. Japan also retains quantitative restrictions. Since imports by the main markets from developed countries are more than double those from developing countries, it would be more advantageous for the latter to seek special preferences instead of duty reductions.

The EEC is by far the biggest importer of meat extracts and juices, \$31.5 million of \$40.0 million. African countries contribute \$6.3 million of total imports. The EEC abolished its 2 per cent duty, of total imports. The EEC abolished its 2 per cent duty, which covers virtually all imports. The U.K. halved its 20 per cent rate, which likewise covers almost all imports. The U.S. rates and Japan also reduced their rates. Access for non-preferential African countries has been considerably improved by these measures.

Table 34. Meat (cont'd)

<i>United Kingdom</i>				<i>Japan</i>			
<i>Tariff No.</i>	<i>Description</i>	<i>Rates of duty</i>		<i>Tariff No.</i>	<i>Description</i>	<i>Rates of duty</i>	
		<i>pre-KR</i>	<i>post-KR</i>			<i>pre-KR</i>	<i>post-KR</i>
02.01A1(a)	Boned or boneless	20	20	02.01.1		25	25
02.01A1(b)i	Other: Chilled	3s.4d/lb.	3s.4d/lb.				
02.01A1(b)ii	Fresh or frozen	2s.3d/lb.	2s.3d/lb.				
		MFN	C				
		129.9	108.5			3.7	
		—	10.9			—	
16.02B1c	Beef or veal	20	15	16.02.2	Bovine and other	25	25
		MFN	C				
		42.5 ^c	20.2 ^c			0.3 ^b	
		—	11.4			...	
16.03A	Wholly or in part derived from beef or veal	20	10	16.03		30	20
16.03B	Whalemeat extract	10	10				
16.03C	Other	10	10				
		MFN	C				
16.03A		1.4	3.7			—	
		—	2.4			—	

^c 1966 and covers beef and veal only. 1965 statistics for all kinds of meat, 168.6.

- 03.01 — Fish, fresh, chilled, or frozen
 03.03 — Shellfish, fresh, chilled, frozen, salted,
 in brine or dried, shellfish simply boiled
 Ex 16.04 — Fish, prepared or preserved
 23.01 — Fish, shellfish, and meat, flours
 and meals thereof

A number of African countries are substantial suppliers of fresh fish to the United States and the EEC. The shares of African countries in the imports of the United Kingdom and Japan are insignificant. Despite relatively high tariffs in the EEC, some non-associated African countries have managed to gain access to this market. The EEC has indeed made

marginal reductions in most duties, but these still remain much higher than in the other three markets. A more generous concession is its increase of the duty-free tariff quota on tuna from 14,000 tons to 30,000 tons, subject to the "reference" price. Tuna was already duty-free in the United States, which has also abolished its duties on mackerel and swordfish. Japan has halved its 10 per cent duty on all types, while retaining its quantitative restrictions. Although this is not relevant to present African trade flows, it has potential relevance for future exports. No action has been taken by the United Kingdom.

As regards fresh shellfish, South Africa accounts for about one-tenth of U.S. imports of \$188.7 million.

Table 35A. Fish and shellfish

Product and Imports	United States				EEC			
	Tariff No.	Description ^a	Rates of duty		Tariff No.	Description ^a	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
03.01 - Fish, fresh, chilled or frozen	11010	Sea herring, smelts, and tuna	0	0		Sea fish: Whole, be-headed, or cut into pieces:		
	11025	Mackerel: Fresh or chilled	0.5cts/lb.	0	03.01.35	Tuna ^b	25	22
	11028	Frozen	0.75cts/lb.	0	03.01.35	Sardine	25	23
	11030	Swordfish: Fresh or chilled	1cts/lb.	0	03.01.39	Other ^c	6;15;15	6;8;10
	11033	Frozen	0.75cts/lb.	0	03.01.50	Filletts	18	15 ^d
Imports total	11010		42.2		03.01.35		13.7	
			4.1				2.5	
	11025		0.3		03.01.39		25.9	
	11028		—				1.5	
			—					
African	11030		4.1		03.01.50		12.6	
			—				0.3	
	11033		—					
			—					
			—					
03.03 - Shellfish, fresh, chilled, frozen, salted, in brine or dried; Shellfish, simply boiled	11410	Clams, not in airtight containers	0	0	03.03.12	Crayfish	25	25
					03.03.14	Lobsters: Whole	15	13
					03.03.15	Other	20	20;10
	11415	Crabmeat not in airtight containers	15	7½	03.03.17	Crabs, shrimps, and crawfish	18	12;15;18
	11430	Other crab	0	0	03.03.19	Other crustaceans	14	12
	11440	Oysters, not in airtight containers	0	0				
	11445	Other shellfish	0	0				
	11410				03.03.12		4.6	
	11430		188.7				1.6	
	11440		18.3		03.03.14		3.9	
Imports total	11445				03.03.15		0.1	
					03.03.15		0.1	
	11415		0.1		03.03.17		4.8	
			—		03.03.17		2.8	
					03.03.19		1.3	
African							—	

^a For the imports of the United States and the EEC, fish have been selected which are of export interest to African countries. Therefore, as treated here, exports to these two markets are not comparable with those to the United Kingdom and Japan.

The other three main export markets are very much smaller, and only the EEC imports significant quantities from Africa. Nearly all U.S. imports enter duty-free. The only existing rate, 15 per cent on crabmeat, was halved. The EEC made some marginal reductions on most rates, but the duty of 25 per cent on crayfish, which accounts for about one-third of imports, remains unchanged. Japanese rates of 10 per cent and 15 per cent on shrimps, prawns, and lobsters were halved. No action was taken by the United Kingdom. Thus, there was some improvement in access to three markets, but duties on a number of items remain relatively high.

The biggest market for fish preparations of the selected varieties is the EEC, which imports about one-third of its requirements from African suppliers. Over two-thirds of this is supplied by Morocco, which also figures largely in the imports of the United States. U.S. imports of sardines, however, come mostly from South Africa. The U.S. rates on four varieties of sardines, specified according to size of container or value, were halved or reduced. Similarly, rates on main imports of tuna were halved. The EEC made virtually no changes in the rates on the varieties selected. France also applies non-tariff restrictions on certain varieties. The United Kingdom

Table 35A. Fish and shellfish (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
03.01A	Salmon, chilled or frozen	0	0	03.01		10 GQ	5 GQ
03.01B	Fish roes	5	5				
03.01C1	Other: Fillets, chilled or frozen	10	10				
03.01C2	Other	10	10				
		MFN	C				
All		22.1	10.7			12.9	
		—	1.0			—	
03.03A	Clams, cockles, crabs, crawfish, crayfish, lobsters, mussels, scallops, shrimps, whelks, and winkles	10;30	10;30	03.03.1	Shrimps, prawns, and lobsters: fresh, chilled, or frozen:		
03.03B	Oysters	0;15;30	0;15;30	(1) a	Live	10	5
03.03C	Prawns	10	10	03.03.1	Dead	5	5
03.03D	Other	10	10	(1) b			
				03.03.1	Other forms	15	7½
				(2)	Other:		
				03.03.2(1)	Fresh, chilled, or frozen	10	10
				03.03.2(2)	Other	15	15
		MFN	C	03.03.1		1.9	
All		2.4	1.8	(1) a		—	
				03.03.1			
				(1) b		37.8	
				03.03.2		0.8	
				(1)			
				03.03.2			
				(2)			
				03.03.1(2)		—	

^b Duty-free tariff quotas of 14,000 tons (pre-KR) and 30,000 tons (post-KR), subject to "reference" price if for use in the packing industry. ^c Selected varieties. ^d Excluding tuna fillet.

Table 35B. Fish, prepared or preserved

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
Ex 16.04 -		Sardines:						
Fish,		Not in oil, in			16.04.70	Sardines	25	25
prepared or	11220	containers of:			16.04.91	Tuna, bonito,		
preserved	11222	under 8 oz.	10	5		mackerel, and		
	11224	8 oz. to 15 lb.	6 $\frac{1}{4}$	4 $\frac{1}{4}$	16.04.99	anchovy	25	24 ^a 25
		Over 15 lb.	1cts/lb.	0.5cts/lb.		Other	20	20
			(2 $\frac{1}{2}$)	(1 $\frac{1}{4}$)			R(F)	R(F)
		In oil:						
	11254	Valued at not						
		over 18cts/lb.	30	30				
		Valued at over						
		18cts/lb.						
		but not over						
		23cts/lb.:						
	11262	Not skinned						
		and boned	20	20				
	11266	Skinned and boned	30	20				
		Valued at over						
		23cts/lb. but not						
		over 30cts/lb.:						
	11270	Not skinned						
		and boned	15	11 $\frac{1}{2}$				
	11274	Skinned and boned	30	30				
		Valued at						
		over 30cts/lb.:						
	11282	Not skinned						
		and boned	15	15				
	11286	Skinned and boned	24	24				
		Tuna:						
	11230	Not in oil,						
		in containers of not						
		over 15 lb. for an						
		aggregate quantity						
		not exceeding 20%						
		of the U.S.						
		part for the						
		preceding year	12 $\frac{1}{2}$	6				
	11234	Other, not in oil	25	12 $\frac{1}{2}$				
	11290	In oil	35	35				
Imports	11220/222/			5.5 ^c	16.04.70/99		40.0	
total	224			4.5 ^c			12.4	
African	11254			—	16.04.91		29.6	
	11262			—			9.0	
	11266			—				
	11270			1.0				
				0.2				
	11274			—				
	11282			0.2				
				—				
	11286			2.5				
				0.1				
	11230/234			27.5 ^c				
				1.0				
	11290			0.1				
				—				

^a Tuna only.^b 15 per cent is the relevant figure; 10 and 20 refer to hard roes.^c 1966.

likewise made no changes of duty on the items selected. The Japanese reduction of 20 per cent to 15 per cent is not relevant to present African trade flows. The main improvement in access was therefore to the U.S. market. Quantitative restrictions are retained in Japan and the EEC. It should be borne in mind, however, that over 90 per cent of the

needs of the four main markets are supplied by the developed countries, and it would be more beneficial to the trade of African countries to seek special preferences for their products in the main markets rather than further reductions of duties. The latter would only serve to consolidate the existing advantage of the developed countries.

Table 35B. Fish, prepared or preserved (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
16.04D	Tuna, canned	8	8	16.04.2	Other than		
16.04E	Other	10	10		caviar	20 GQ	10;15;20 ^b GQ

	MFN	C	
16.04D	3.0	—	0.3
	—	—	—
16.04E	0.9	5.1	
	—	4.9	

Total imports of flour and meal of meat, fish, and shellfish by the four markets amount to \$229.5 million, of which the EEC imports approximately one-half. Apart from South West Africa, African countries participate very little in this large market. The U.K. did not change its rate of 10 per cent, which covers almost 80 per cent of its imports. This is in contrast to the zero

rate on herring meal, which is supplied by the developed countries. The EEC halved its 4 per cent rate on fish meal, covering the bulk of its imports. Its 3 per cent rate on meat meal was abolished. Thus, improved access was achieved to one of the two markets still applying duties. Japan, with no duties on this product, still applies quantitative restrictions.

Table 35C. Meat, fish, and shellfish, flours and meals thereof

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
23.01 - Meat, fish, and shellfish, flours and meals thereof	18455	Fish and whale meal	0	0	23.01.10	Of meat or offal	3	0
					23.01.30	Of fish or shellfish	4	2
Imports total				50.0	23.01.10			3.6
African				—	23.01.30			0.2
							112.0	5.5

- 08.01A — Bananas, fresh
- Ex 08.01B — Cashew nuts
- Ex 08.02A — Oranges
- Ex 08.02B — Grapefruit
- Ex 20.06 — Fruit, otherwise prepared or preserved
- 20.07 — Fruit juices, unfermented, not containing spirits

Of total imports of fresh bananas by the four main markets, valued at \$452 million, African countries supply about 8 per cent. The main market for the African product is the EEC, but tariffs do not constitute a barrier to entry into the other very large market, the United States, where the duty rate is zero. No improvement in access to the other three markets has been made. The EEC has retained its duty of 20 per cent, and France and Italy apply quota restrictions. On the other hand, the Federal Republic of Germany applies a duty-free tariff quota open to all countries, which virtually covers the whole of its domestic demand. Japan applies the very high rate of 70 per cent.

The substantial trade in cashew nuts, of which imports by the main markets amount to \$50.3 million, is at present dominated by non-African countries. There is only one large African supplier, but many other African countries trade this product in small quantities. There was some improvement of access to the U.S. market, by far the largest, where the duty of 0.7 ct/lb. was abolished. Japan considerably reduced its duty, from 20 per cent to 5 per cent. The EEC halved its duty of 5 per cent. The United Kingdom took no action, maintaining its non-preferential rate of 10 per cent.

Oranges are an important product. The EEC, with imports of \$227.9 million of a total of \$303.3

million for the main markets, is by far the biggest importer. African countries contribute just over one-third of EEC imports and dominate the trade of the developing countries in this product. Oranges are still subjected to generally high rates of duty in all the main markets except the United Kingdom, which halved the duty of 10 per cent covering about 45 per cent of its imports. The levels range from 16.7 per cent (a.v.e.) in the United States, to 15 per cent and 20 per cent in the EEC, to 20 per cent and 40 per cent in Japan. The different rates are seasonal. These are combined with restrictive measures, such as the "reference" price system and the quality standards of the EEC and the quantitative restrictions applied by Japan. In these circumstances, African trade in oranges is bound to be adversely affected by such formidable import barriers.

African countries supply about one-quarter of the much smaller market of \$33.4 million in grapefruits. The United States is more an exporter than an importer, so that the other three markets provide the main opportunities for African trade, with the EEC and the United Kingdom predominating. Japan does not at present import from Africa, and in any case has maintained its relatively high duty of 20 per cent and quantitative restrictions. In the other three markets, limited improvement in access was achieved. The EEC halved its duty of 12 per cent. The United Kingdom took no action on its duty of 5s./cwt (7 per cent a.v.e.) but relaxed its dollar area quota for three months of the year. The United States reduced slightly its three specific rates.

Table 35C. Meat, fish, and shellfish, flours and meals thereof (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
23.01A	Herring meal	0	0	23.01		0	0
23.01B	Other	10	10			GQ	GQ
		MFN	C				
23.01A		8.0	0.3			24.6	
		—	—			2.3	
23.01B		12.9	18.1				
		—	15.7				

In the category of fruit preparations, a selection has been made of fruits of existing or potential export interest to Africa. The United States imports large quantities of preserved pineapples, \$16.1 million, and preserved mandarin oranges, \$13.9 million, but virtually none from African sources. The EEC is the major market for prepared or preserved fruit, but including roasted groundnuts, with imports of \$80.3 million, followed by the United Kingdom, with imports of \$56.3 million. Japan is a much smaller market for all preserved fruits, since it exports more than it imports. The biggest market for Africa is the EEC, which obtains about one-sixth of its needs from Africa. The United Kingdom imports over \$7.0 million of African preserved pineapples from Commonwealth sources. The EEC has made only marginal reductions in certain duty rates, which cover only negligible trade. Global quotas are still applied in France and the Federal Republic of Germany. There are, in addition, levies on the sugar content of some items. The United Kingdom has retained the rate of 5s.7d/cwt (5.2 per cent a.v.e.) on pineapples but has abolished the rate of 5-8 per cent on mixed preserved fruits, which is of some export interest to Africa. Japan has maintained all its rates on the selected preserved fruits. Similarly, the United States maintained its rates on pineapples and mixed fruits. Therefore, there are still formidable import barriers of duties and restrictions in the way of trade in preserved fruits of interest to Africa in export to the main markets, which obtain more than three-fifths of their imports from each other or from other developed countries. In these circumstances, it would be desirable for African coun-

tries to seek special preferences for preserved fruits rather than further reductions of duties.

There are considerable markets for fruit juices in the EEC, \$44.6 million, and the United Kingdom, \$25.3 million. The import markets of the United States and Japan are less significant, because they are substantial producers. In any case, the tariff barriers are high enough in Japan for nearly all varieties, 22.5 — 35 per cent, and in the United States for orange juice, 45.8 — 49.9 per cent a.v.e., to preclude much sharing of these sections of the markets with outsiders. There has been no improvement of access in Japan, where the rates for fruit juices remain unchanged. However, the United States, where duties on the remaining varieties of juices are relatively low, has halved the 8.9 per cent a.v.e. rate on lime juice and the 11.6 per cent a.v.e. rate on grape juice, while leaving the a.v.e. rates of 8.1 per cent and 10.9 per cent on pineapple juice unchanged. The duties in the EEC are relatively high, ranging from 19 per cent to 50 per cent, and only marginal reductions in some of these rates have been made. These barriers consequently restrict most African trade with the EEC to the products of the Associated States. The United Kingdom offers more favourable conditions of access than any other main market, the rates being zero or 3 per cent (unchanged) for orange and grapefruit juices, while the duty of 10 per cent on pineapple juice has been halved. Apart from this market, however, the position elsewhere is one of substantial tariff barriers against imports of fruit juices from many African sources. Here also, special preferences for African products would be more beneficial than general reductions of duties.

Table 36A. Bananas, cashews, oranges, and grapefruit

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
08.01A -	14640	Bananas, fresh	0	0	08.01.30	Bananas	20	20
Bananas, fresh	14544	Cashews	0.7cts/lb. (1.5)	0	08.01.78	Cashew nuts	GQ(I) ^a 5(2½)	GQ(I) ^a 2½
Ex 08.01B - Cashew nuts	14731	Oranges	1cts/lb. (16.7)	1cts/lb. (16.7)		Oranges:		
Ex 08.02A - Oranges	14710	Grapefruit: From 1 Aug. to 30 Sept.	1.2cts/lb.	1cts/lb.	08.02.11	From 1 Apr. to 15 Oct.	15	15
Ex 08.02B - Grapefruit	14713	During Oct.	0.9cts/lb.	0.8cts/lb.	08.02.15	From 16 Oct. to 31 Mar.	20	20
	14716	From 1 Nov. to 31 July	1.5cts/lb.	1.3cts/lb.	08.02.70	Grapefruit	12	6
Imports total	14640		128.2		08.01.30		166.3	
African	14544		0.1				31.5	
			33.4		08.01.78		3.6 ^c	
			2.5				0.7	
	14731		5.6		08.02.11		92.9	
			—				46.7	
	14710/13/16		0.7		08.02.15		135.0	
			—				46.2	
					08.02.70		13.9	
							3.2	

^a Temporary restriction, and waiver has been given to Somalia.^b Applies only to the dollar area.^c Includes coconuts.

Table 36A. Bananas, cashews, oranges, and grapefruit (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
08.01B	Bananas, fresh	7s.6d/cwt (12.6) Q ^b	7s.6d/cwt (12.6) Q ^b	08.01.1(1)	Bananas, fresh	70	70
08.01E	Cashew nuts	10	10	08.01.4(2)	Cashew nuts	20	5
08.02Aa	Oranges: From 1 Apr. to 30 Nov.	3s.6d/cwt (5)	3s.6d/cwt (5)	08.02.2(1)	Oranges: From 1 June to 30 Nov.	20	20
08.02Ab	From 1 Dec. to 31 Mar.	10	5	08.02.2(2)	From 1 Dec. to 31 May	40 Q	40 Q
08.02A1	Grapefruit	5s./cwt (7) Q ^b	5s./cwt (7) Q ^b	08.02.3	Grapefruit:	20 Q	20 Q
08.01B		MFN 7.2 5.9	C 57.1 0.4	08.01.1(1)		55.2	
08.01E		0.1 —	9.3 —	08.01.4(2)		0.7 ^d	
08.02Aa		20.4 1.9	17.7 16.1	08.02.2 (1)/(2)		0.3 —	
08.02Ab		29.1 1.7	2.3 —	08.02.3		5.4 —	
08.02A1		5.9 0.5	7.5 5.0				

^d Includes Brazil nuts of the same tariff heading.

Table 36B. Fruit and fruit juices

Product and Imports	United States				EEC			
	Tariff No.	Description ^a	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
Ex 20.06 - Fruit, otherwise prepared or preserved	14624	Apricots	35	35		Fruit:		
	14644	Bananas	15	7½		In the shell, including groundnuts, roasted, in packings of:		
	14729	Oranges, mandarins	0.5cts/lb. (2.4)	0.25cts/lb. (1.2)		More than 1 kg.	17	15
	14736	Other citrus fruits	35	35	20.06.11	1 kg. or less	22	17
	14754	Figs	16	12	20.06.15	Other fruit:		
	14777	Grapes	35	17½	20.06.20	In alcohol	32	32
	14835	Melons	35	35		Not in alcohol, with sugar, in packings of:		
	14865	Papayas	15	7		More than 1 kg.	23[0]	0 ^b
	14898	Pineapples	0.75cts/lb. (6.4)	0.75cts/lb. (6.4)	20.06.31			20 ^b
	14960	Other fruits	35	17½				21 ^b
								22 ^b
	15000	Mixtures of two or more fruits	17½	17½	20.06.35	1 kg. or less	25[0]	0 ^b
	16525	Lime juice	20cts/gal. (9.0)	10cts/gal. (4.5)				20 ^b
		Orange juice:						22 ^b
20.07 - Fruit juices, unfermented and not containing spirit	16530	Not concentrated	20cts/gal. (45.8)	20cts/gal. (45.8)	20.06.41	Otherwise prepared or preserved in packings of:	17	17
	16535	Concentrated	35cts/gal. (49.9)	35cts/gal. (49.9)	to	4.5 kg. or more	19	19
	16540	Grape juice	50cts/gal. (11.6)	25cts/gal. (5.8)	20.06.47	Less than 4.5 kg.	23	23
							25	25
							GQ(G) R(F)	GQ(G) R(F)
	16544	Pineapple juice: Not concentrated	20cts/gal. (10.9)	20cts/gal. (10.9)		Fruit juices: Of a specific gravity higher than 1.33 at 15°C:		
	16546	Concentrated	5cts/gal. (8.1)	5cts/gal. (8.1)	20.07.AI	Grape juice	50	50
	16555	Other juices	4cts/gal. (3.6)	2cts/gal. (2.7)	20.07.AII	Other	42	42
						Of a specific gravity of 1.33 or less at 15°C:		
	16565	Mixed juices	The highest rate applicable to any component		20.07.BI	Grape juice	28	28
					20.07.BII/VII	Other ^c	19	15
							20	18
							21	19
							22	26
							25	21
								22
								24

(See footnotes a b c d e on pages 74, 75.)

Table 36B. Fruit and fruit juices (cont'd)

(This table is concluded on pages 74, 75.)

United Kingdom				Japan			
Tariff No.	Description ^a	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
20.06.A5	Fruit: Unmixed, sweetened: Grapefruit Oranges and mandarins:	5—8	0	20.06.1 (1)	Fruit: With added sugar or spirit: Pineapples	45[55]	45
20.05.A7a	Pulp	5—8	0	20.06.1 (2)	Other	27;35	27;35
20.06.A7b	Other	15;5—8	7½	20.06.2 (1)	Other:		
20.06.A8	Pineapples	5s.7d/cwt (5.2)	5s.7d/cwt (5.2)	20.06.2 (2)	Pineapples	45[55]	45
20.06.A9 } 20.06.A10 }	Nuts and other fruits:	15;5—8	7½	20.06.2 (2)	Other	20;25 GQ	20;25 GQ
20.06.B	Mixed, sweetened	5—8	0		Fruit juices: With added sugar:		
		15;5—8	7½	20.07.1 (1) ^a	Orange juice	30	30
		6s.5d/cwt	3s./cwt	20.07.1 (1) ^b	Other with not more than 10% sucrose	27	27
20.06.C3	Other: Grapefruit; orange or mandarin pulp	0	0	20.07.1 (1) ^c	Other	35	35
20.06.C5	Nuts	15	7½	20.07.1 (2) ^a	Other:		
20.06.C6	Other: Pineapples	15	3s./cwt 5s.6d/cwt	20.07.1 (2) ^b	Orange juice	25	25
	Other	15	7½	20.07.1 (2) ^c	Pineapple juice	22½	22½
		GQ	GQ		Other	30	30
20.07.A1	Fruit juices: Citrus: Grapefruit, orange, clemo- tine, mandarin, tangerine juice	0;3 15 18 ^e	0;3 10 ^d ;15 10;18		Vegetable juices: With added sugar:		
20.07.A2	Other			20.07.2 (1) ^a	Tomato juice	35	35
20.07.B	Other: Pineapple juice	10	5	20.07.2 (1) ^b	Other	35	17
	Tomato juice	10	5	20.07.2 (2) ^a	Other:		
	Other	10	10	20.07.2 (2) ^b	Tomato juice	25	25
					Other	17;25	17

Table 36B. Fruit and fruit juices (cont'd)

Product and Imports	United States			EEC		
	Tariff No.	Description ^a	Rates of duty		Tariff No.	Description
			pre-KR	post-KR		
Imports	14624		...		20.06.11	
total			...			
African	14644		0.2 ^f			
	14729		13.9		20.06.15	0.4
	14736		—		20.06.20	0.1
	14754		0.7 ^g			0.7
	14777		—		20.06.31	0.5
	14835		—		20.06.35	7.0
	14565		...		20.06.41/47	1.4
	14898		16.1			62.0
	14960		0.7		20.07	8.8
	15000		0.1			10.2
	16525		1.4 ^h			3.1
	16530		—			44.6
	16535		0.6 ^h			7.8
	16540		—			
	16544		2.0 ^h			
	16546		—			
	16555		—			
	16565		—			

^a Selected fruits and fruit juices of export interest to African countries.

^b Conditional on right to revert to base rate if market "disrupted". The rate fluctuates according to the variety of the contents.

^c Rate fluctuates according to the variety, the addition of sugar, or otherwise.

Table 36B. Fruit and fruit juices (cont'd)

United Kingdom				Japan			
Tariff No.	Description ^a	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
20.06.A5		MFN 2.8 —	C 5.2 1.2	20.06.1(1) 20.06.1(2) 20.06.2(1) 20.06.2(2)		14.6 —	
20.06.A7a		0.1 —	— —				
20.06.A7b		11.3 —	0.1 —	20.07		0.8 ⁱ ...	
20.06.A8		2.7 —	13.4 7.0				
20.06.A9/10		2.9 —	0.7 0.3				
20.06.B		8.8 —	4.4 2.2				
20.06.C3		1.4 —	0.1 0.1				
20.06.C5		0.1 —	0.1 —				
20.06.C6		1.2 —	1.0 0.5				
20.07.A1/2			16.0 ...				
20.07.B			9.3 ...				

^d Rate for lemon juice with not more than 20 per cent sweetening.^e Rate for lemon juice when more than 20 per cent sweetening is added.^f Includes dried bananas of BTN heading No. 08.01Y.^g Includes dried figs of BTN heading No. 08.03B.^h 1966.ⁱ 1965.

09.01 — Coffee and substitutes containing coffee

21.02 — Coffee extracts, essences, and concentrates, and preparations thereof

For African countries, coffee is second to petroleum as the most important export commodity. The United States is by far the biggest market for coffee, accounting for imports of \$1,200.3 million, followed by the EEC, the United Kingdom, and Japan. The African share is 24 per cent of the U.S. market; 32 per cent of the Japanese market; 35 per cent of

the EEC market; and 65 per cent of the U.K. market. All imports into the United States are duty-free. Japan has abolished its rate of 30 per cent, although a rate of only 10 per cent was applied, and this covered almost all imports. The 5 per cent rate on coffee husks has also been abolished, and the 35 per cent rate on substitutes has been reduced to 20 per cent. The EEC has cut its 16 per cent rate to 9.6 per cent covering almost all imports, although, in fact, a rate of only 9.6 per cent was being applied before

Table 37. Coffee

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
09.01 - Coffee, whether or not roasted or freed of caffeine; husks and skins; substitutes containing coffee in any proportion	16010	Crude, roasted or ground	0	0	09.01.11	Unroasted: Not decaffeinated	16[9.6] ^a 21	9.6 ^a 13 ^b
Imports total			1,200.3		09.01.15	Roasted: Not decaffeinated	25	15 ^b
African			283.0		09.01.17	Decaffeinated	30	18 ^b
					09.01.30	Husks and skins	21	13 ^b
					09.01.90	Substitutes containing coffee	30	18 ^b
					09.01.11/13		647.6	
					09.01.15/17		229.2	
					09.01.30/90		0.6	
							0.2	
							—	
							—	
21.02 - Coffee, extracts, essences, or concentrates of; preparations with a basis of those extracts, essences, or concentrates	16020	Soluble or instant coffee	0	0	21.02		24	24
	16021	Other	3cts/lb.	3cts/lb.				
Imports total	Both		11.0 ^f				8.6 ^g	
African			—				—	

^a Duty-free if the product of an Associate Member.

^b Conditional on right to revert to base rate of market "disrupted".

^c Commonwealth rate: 9s.4d/cwt.

^d Commonwealth rate: £1.5s/cwt.

the cut. The reductions on the other classes are all conditional on the market not being "disrupted". The United Kingdom has halved all its duties, which ranged from 2.6 per cent to 3.5 per cent a.v.e., except that of 10 per cent on substitutes. Access has therefore notably improved to the markets of the United Kingdom and Japan and conditionally to the EEC market. However, some relatively high duties remain. In addition, Japan retains quantitative restrictions, and Japan, Italy, France, and the Federal Republic of Germany retain internal taxes.

The combined value of the main markets for coffee essences amounts to \$40.7 million, but as yet African countries have no significant part in this trade. The potential, however, is there, particularly since the U.S. has no duty on soluble or instant coffee, and other developing countries supply about 80 per cent of its import requirements of \$11 million. In the other markets, the duties have escalated to such heights that access to these markets is hardly possible at present. In no case has any reduction in rates of duty been made.

Table 37. Coffee (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
09.01(A)(1)	Unmixed: Roasted or ground	12s.6d/cwt ^e	6s.3.6d/cwt	09.011(1)	Beans, un-roasted	30[0;10]	0
09.01(A)(2)	Other	9s.4d/cwt	4s.8d/cwt	09.011(2)	Other	35	35
09.01(B)	Husks and skins	10	5	09.012	Husks and skins	5	0
09.01(C)	Coffee and chicory, roasted and ground, mixed	£1.8s/cwt ^d	14s./cwt	09.013	Substitutes	35	20
09.01(D)	Other	10 MFN	10 C			GQ	GQ
09.01A(1)				09.011(1)		15.3	
A(2)						4.9	
B		33.2	32.6	09.011(2)		=	
C		14.2	28.7	09.012/013		=	
09.01D		=	=				
21.02		£2.16s/cwt ^e		21.02.1	Containing added sugar	35	35
				21.02.2(1)	Other		
					Instant coffee	25	25
				21.02.2(2) a	Other:		
				21.02.2(2) b	Bases for beverages	27½	27½
					Other	30	30
				21.02.2(1)	Total		
		3.4 ^g				17.7 ^g	
		

^e Commonwealth rate: \$2.25/cwt.

^g 1965.

^f 1966. Only 3.4 in 1965.

09.02 — Tea

The United Kingdom is by far the most important of the four main markets, accounting for over three-quarters of their total imports of \$400 million. Although Africa contributes less than one-tenth of this amount at present, tea exports are of increas-

ing importance to several African countries. Imports into the two main markets, the United Kingdom and the United States, are duty-free.

The EEC halved its rates of 23 per cent on tea in small containers and 18 per cent on bulk tea. However, the duty on bulk tea had already been

Table 38. Tea

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
09.02 - Tea	16050	Crude or prepared	0	0	09.02.10	Packings		
						of 3 kg. or less	23[5]	11½
					09.02.90	Other	18[0]	9
Imports total African				59.7	09.02.10		2.4	
				5.1			0.1	
					09.02.90		29.4	
							2.2	

totally suspended, and the applied rate on tea in small containers was 5 per cent. France and the Federal Republic of Germany retain internal taxes. In Japan, the 35 per cent duty affecting the bulk of imports remains unchanged. The quantitative restrictions on imports of black tea were also retained.

The only reductions were on items for which imports are small or negligible, i.e., the reduction from 35 per cent to 20 per cent on tea other than black tea or waste and the abolition of the 5 per cent duty on waste. There was therefore little improvement in access to the two markets which still apply tariffs.

Table 38. Tea (cont'd)

<i>United Kingdom</i>				<i>Japan</i>			
<i>Tariff No.</i>	<i>Description</i>	<i>Rates of duty</i>		<i>Tariff No.</i>	<i>Description</i>	<i>Rates of duty</i>	
		<i>pre-KR</i>	<i>post-KR</i>			<i>pre-KR</i>	<i>post-KR</i>
09.02		0	0	09.02.1(1)	Black tea: For retail sale	35	35
				09.02.1(2)	Waste	5	0
				09.02.1(3)	Other	35	35
				09.02.2(1)	Other: Waste	5	0
				09.02.2(2)	Other	35	20
						GQ	GQ
		MFN	C	09.02.1(1)		=	
		16.7	288.8	09.02.1(2)		=	
		4.5	25.6	09.02.1(3)		3.0	
				09.02.2(1)		=	
				09.02.2(2)		0.2	
						—	

- 12.01 — Oil seeds and oleaginous fruit
 15.07 — Vegetable oils (selected)
 23.04 — Oil cake and other residues of vegetable oils

Over four-fifths of the total imports of \$183 million of groundnuts by the four main markets was supplied by African countries. The EEC is by far the major importer, and it levies no duty on this product. The United States has maintained its high duty of 4.25 cts/lb. (32.8 per cent a.v.e.), as well as quantitative restrictions, and the United Kingdom has retained its non-preferential duty of 10 per cent. Japan has split its 20 per cent rate, which was applied at 10 per cent, into two rates of zero and 20 per cent, the former applying only to imports for oil extraction. The only improvement in access, therefore, has been in Japan, where, however, quantitative restrictions are still being applied.

The value of the import market for copra is about the same as that for groundnuts, and here also the EEC is the main importer. Africa has no share in the import of this product, which is entirely in the hands of other developing countries. Imports into the EEC and Japan are duty-free. The United States is supplied on duty-free terms by the Philippines, but has a significant duty otherwise, which

it did not change. The United Kingdom also made no changes in its rate.

Imports of palm nuts and kernels by the main markets amount to \$90 million, and about 86 per cent is supplied by African countries. The EEC is again the major importer, followed by the United Kingdom. The latter is the only market which still levies an import duty, but most of its imports are from Commonwealth sources, which are on duty-free terms.

Africa supplies about one-quarter of the relatively small imports of \$17 million of castor oil seeds. Again the EEC is the major importer, followed by Japan and the United Kingdom. Imports into the EEC and Japan are duty-free. The United States, which has no imports, abolished its duty of 0.25 cts/lb. The U.K. retained its 7.5 per cent duty but in fact applies a zero rate. In any case, three-quarters of its imports are from Commonwealth countries at the zero rate.

Main products of export interest to Africa have been selected in dealing with the category of fixed vegetable oils. These are groundnut oil, olive oil, palm oil, coconut oil, palm-kernel oil, and castor

Table 39A. Oil seeds

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
12.01 - Oil seeds	14520	Groundnuts: Not shelled	4.25cts/lb. (32.8)	4.25cts/lb. (32.8)	12.01.10	Groundnuts	0	0
and oleaginous fruit, whole or broken	14548	Shelled	7cts/lb. Q	7cts/lb. Q				
	17509	Copra: Entered during period of proclamation ^a						
	17510	Entered when no proclamation in effect	1.87cts/lb.	1.87cts/lb.	12.01.20	Copra	0	0
	17528	Palm nuts and kernels	3.12cts/lb. (40.3)	3.12cts/lb. (40.3)	12.01.30	Palm nuts and kernels	0	0
	17506	Castor oil seeds	0	0				
			0.25cts/lb. (4.1)	0	12.01.50	Castor oil seeds	0	0
Imports	14520/48			0.4	12.01.10		145.1	121.9
total	17509			=				
African	17510			43.1	12.01.20		108.5	
	17528			=				
	17506			=	12.01.30		56.6	47.4
					12.01.50		10.2	2.6

^a The proclamation can come into force when Philippines copra is not sufficiently available for processing in the United States.

oil. Total imports of the selected oils by the four main markets are in the neighbourhood of \$450 million, of which about one-third originates from African countries. The EEC is by far the largest market for African products, followed by the United Kingdom and the United States. Japan imports none of the selected oils from African sources. The EEC has taken action only in the case of oils, other than castor and palm, imported for any technical or industrial use except the manufacture of food products and has abolished the 5 per cent and 8 per cent duties which existed, although zero rates were being applied in any case. Rates covering the bulk of the trade were, however, unaffected, leaving duties ranging from zero on castor oil to 20 per cent on coconut oil, olive oil, groundnut oil, and palm-kernel oil. A common organization of markets for olive oil has also come into operation. No action has been taken by the United Kingdom, where duties still range from 10 per cent to 15 per cent for the selected oils from non-Commonwealth sources. The rates in the United States for the selected oils are all unchanged, except that of 1.5 cts/lb. (14.1 per cent a.v.e.) for castor, which has been changed to 7.5 per cent. This reduction is not relevant to existing African trade flows. Japan has made marginal re-

ductions from 10 per cent to 8 per cent on both palm oil and palm-kernel oil. The rates for the other selected oils are unchanged. It can be seen therefore that there has been very little real improvement in access to these markets for the selected oils. Nominal duties remained relatively high, and effective protection of groundnut oil increased in Japan. In addition, quantitative restrictions were retained in the EEC, the United States, and Japan.

The four main markets account for imports of oil cake valued at \$348.5 million, of which about \$45 million is supplied by African countries. The EEC is the principal market, \$239.8 million, and is followed by the United Kingdom, \$97 million. The Japanese and U.S. import markets are relatively small, and the United States is a major exporter. All EEC imports are duty-free, and the rate covering the bulk of Japanese imports is also zero, but Japan retained its quantitative restrictions. The United Kingdom maintained the 10 per cent rate which affects more than three-quarters of its imports. The United States made no changes relevant to existing African trade flows. There was therefore no improvement of access for varieties of African origin.

Table 39A. Oil seeds (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
12.01E	Groundnuts	10	10	12.01.2	Groundnuts	20[10] GQ	0 ^b ; 20 GQ
12.01E	Copra	10	10	12.01.10	Copra	0	0
12.01E	Palm nuts and kernels	10	10	12.01.11	Palm nuts and kernels	0	0
12.01C	Castor oil seeds	7½[0]	7½	12.01.9	Castor oil seeds	0	0
12.01E ^c		MFN 1.8 0.5	C 27.9 23.7	12.01.2		4.2 2.4	
12.01E ^d		=	10.9	12.01.10		15.6	
12.01E ^e		=	29.8 29.6	12.01.11		3.5	
12.01C		0.6	2.2 2.1	12.01.9		4.6	
						—	

^b If used for extraction of oil.

^c Groundnuts.

^d Copra.

^e Palm nuts and kernels.

Table 39B. Vegetable oils and oil cake

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
15.07 - Vegetable oils, fluid or solid, crude, refined, or purified (selected)	17602	Castor oil	1.5cts/lb. (14.1)	7½	15.07.31	Castor oil: For manufacture of man-made fibres or artificial plastics		
	17604	Coconut oil: Entered during period of proclamation ^a	4cts/lb.	4cts/lb.	15.07.33	Other	0 8[7]	0 8
		Entered when no proclamation ^a in effect:			15.07.38/39 ^b	Coconut oil: Industrial, not for food production	5[0] 8[0]	0 0
	17607	Crude	6cts/lb.	6cts/lb.				
	17611	Other	4cts/lb.	4cts/lb.	15.07.91/95/97 ^b	Other	20 10 15	20 10 15
	17628	Olive oil: Unfit for food	0	0				
	17629	Other: Under 40 lb. weight	3.8cts/lb.	3.8cts/lb.				
	17630	Other	2.6cts/lb.	2.6cts/lb.	15.07.38/39 ^b	Olive oil: Industrial, not for food production	5[0] 8[0]	0 20
	17632	Palm-kernel oil: Unfit for food	3.cts/lb.	3.cts/lb.				
	17633	Other	3.5cts/lb.	3.5cts/lb.	15.07.51/55/57	Other	20 17 20	20 17 20
	17638	Groundnut oil	4cts/lb. Q	4cts/lb. Q				
	17635/36	Palm oil	0	0	15.07.38/39 ^b	Palm-kernel oil: Industrial, not for food production	5[0] 8[0]	0 0
					15.07.91/95/97 ^b	Other	20 10 15	20 10 15
					15.07.38/39 ^b	Groundnut oil: Industrial, not for food production	5[0] 8[0]	0 0
					15.07.91/95/97 ^b	Other	20 10 ^c 15	20 10 ^c 15
					15.07.36/39	Palm oil: Industrial, not for food production	4 8[0]	4 0
					15.07.71/79	Other	9 ^c 14	9 ^c 14
					Both		Q(G) Q(G)	

(See footnotes on pages 84, 85.)

Table 39B. Vegetable oils and oil cake (cont'd)

(This table is concluded on pages 84, 85)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
15.07B	Castor oil	12½	12½	15.07.10	Castor oil	10	10
15.07C ^d	Coconut oil	15	15	15.07.7	Coconut oil	10	10
15.07D	Olive oil	10	10	15.07.6	Olive oil	0	0
15.07E ^e	Palm-kernel oil	10	10	15.07.8 ^f	Palm-kernel oil	10	8
15.07C ^d	Groundnut oil	15	15	15.07.2	Groundnut oil	Y30/kg. [20]	Y30/kg.
15.07E ^e	Palm oil	10	10	15.07.8 ^f	Palm oil	10	8
				All		GQ	GQ

Table 39B. Vegetable oils and oil cake (cont'd)

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
Imports total	17602			9.7	15.07.31/33		8.3	
African	17604	}		— ^g	15.07.36		1.7	
	17607			—			0.7	
	17611				15.07.38		38.8 ^b	
	17628/29/30			17.9			4.4 ^b	
				0.6	15.07.39		0.2 ^b	
	17632/33			10.5			—	
				6.0	15.07.51/55/57		42.9	
	17635/36			0.6			16.9	
				0.5				
	17638			—	15.07.71/79		64.6	
				—			41.2	
					15.07.91/95/97		121.4 ^b	
							55.9 ^b	
23.04 - Oil cake and other residues (except dregs) from the extraction of vegetable oils	8450	Vegetable oil cake and oil cake meal: Of linseed	0.25cts/lb.	0.12cts/lb.	23.04.00		0	0
	8452	Other	0.3cts/lb.	0.3cts/lb.				
Imports total	8450			0.1			239.8	
African				—			27.5	
	8452			2.4				
				—				

^a The proclamation can come into force when Philippines coconut oil is not sufficiently available in the United States.

^b Headings 15.07.38/39 and 15.07.91/95/97 cover all vegetable oils, including groundnut oil, palm oil, palm-kernel oil, coconut oil, cotton seed oil, rape-seed oil, sesame oil, sunflower seed oil, castor oil, soya bean oil, linseed oil, olive oil, etc.

^c Nigeria is treated as an Associated State for this product, within the limits of annual tariff quotas.

Table 39B. Vegetable oils and oil cake (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
15.07B		MFN 3.4 —	C 2.3 0.1	15.07.2		—	
				15.07.6		0.3	
15.07C		9.6 ^d —	34.1 ^d 14.6 ^d	15.07.7		—	
						—	
15.07D		0.9 0.1	0.3 —	15.07.8		4.3 ^f —	
15.07E		4.6 ^e 1.6 ^e	26.4 ^e 14.9 ^e	15.07.10		0.9 —	
23.04A	Soya bean cake and meal	MFN 15	C 10	23.04.1	Of soya bean	5	5
23.04B	Other	10	10	23.04.2	Other	0	0
				Both		GQ	GQ
23.04A		MFN —	C 21.6 0.1	23.04.1		1.5 —	
23.04B		10.0 1.6	65.4 15.9	23.04.2		7.7 —	

^d Heading 15.07C covers oils derived from: coconut, groundnut, linseed, rape-seed, sesame, soya bean, sunflower and safflower seed.

^e Heading 15.07E covers all vegetable oils other than those in footnote ^d and other than castor oil and olive oil.

^f Heading 15.07.8 covers both palm oil and palm-kernel oil.

* Imports from the Philippines under Tariff Nos. 176.08 and 176.09 were \$47.5 million.

17.01 — Sugar, beet and cane, solid
17.04 — Sugar confectionery

The value of sugar imports of the four main markets is approximately \$1,300 million, over one-eighth of which comes from Africa. A large proportion of this trade is under preferential arrangements, and the remainder is on the "free" or residual market. There is wide variation in the level of duties in the main markets. The United Kingdom imposes

low rates, 1.5 per cent to 10.7 per cent a.v.e., and those of the United States are not too much higher, 10.1 per cent to 12.3 per cent a.v.e. On the other hand, in Japan the duties are very high, 52 per cent to 76 per cent a.v.e., and the EEC also has high tariff protection, 80 per cent. This will be replaced in 1968 by variable levies under a common organization of the market. No improvement in access has taken place, and all four markets retain either a

Table 40. Sugar and sugar confectionery

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
17.01 - Sugar, beet and cane, solid	15520	Principally crystalline or in other amorphous form	0.6625cts/lb. less 0.009375cts/lb. for each degree under 100° but not less than 0.428125cts/lb.		17.01.00		80	80
		<i>ad valorem</i> equivalents:					GQ(B,G) L(I)	GQ(B,G) L(I)
		Raw		10.1		Raw	80	
		Refined		12.3		Refined	80	
Imports total African				458.4 15.0				218.8 40.3
17.04 - Sugar confectionery, not containing cocoa	15710	Candy and other confectionery	14	7	17.04A	Extract of liquorice containing more than 10% sugar	21	21
	18232	Chewing gum	10	10				
					17.04B	Chewing gum	25[23]	23
					14.04C	Other	30[27]	27
Imports total African	15710			17.2 ^a 0.1 ^a	All			32.3 ^b 2.7 ^b

^a 1966.

^b 1965.

combination of tariffs and quantitative restrictions or a system of variable levies.

The EEC is the largest importer of sugar confectionery, for which the combined market was \$54 million. Africa supplied less than \$3 million of this total. The EEC has made a marginal reduction from 30 per cent to 27 per cent in the rate for the main variety of imports, although 27 per cent was, in fact, the rate applied. The duty of 40 per cent applied in Japan was reduced to 35 per cent, although

here, also, the lower rate of 35 per cent was already being applied. The United States halved its 14 per cent duty, but the U.K. rate of 15.1 per cent a.v.e. remains unchanged. There has thus been no significant improvement of access for this product except in the United States. If special preferences could be granted by the main markets, this would facilitate access for African products more than a general reduction of duties, which would tend to improve the position of the developed countries.

Table 40. Sugar and sugar confectionery (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-RR	post-KR
17.01A	Of which the polarization has been reduced	6s.10.8d/cwt		17.01.1	Rock candy, cube sugar, loaf sugar and similar sugar		Y63.50/kg.
17.01B	Other (according to the degree of polarization)	2s.02/3d/cwt to 6s.10.8d/cwt		17.01.2 (1)	Of a polarization not more than 98°		Y41.50/kg.
				17.01.2 (2)	Other	GQ	Y51.50/kg. GQ
	<i>ad valorem</i> equivalents:				<i>ad valorem</i> equivalents:		
	Raw	1.5 to	10.7		Raw		76
	Refined	1.5 to	10.7		Refined		52
Both		MFN 77.2	C 293.8	All		249.4	
		—	85.4			29.1	
	Fondants, pastes, creams and similar products, in bulk, containing 80% or more of sweetening:			17.04.1	Chewing gum	40[35]	35
17.04A1	Not flavoured or coloured	4s.9d/cwt		17.04.2(1)	Other: Liquorice extract	0	0
17.04A2	Other	4s.9d/cwt + 10		17.04.2(2)	Other	40[35]	35
17.04B	Other	4s.9d/cwt + 10 (15.1)					
All		3.4 ^b		All		0.8 ^b	
		— ^b				— ^b	

- 18.01 — Cocoa beans
- 18.03 — Cocoa paste
- 18.04 — Cocoa butter
- 18.05 — Cocoa powder, unsweetened
- 18.06 — Chocolate and other food preparations containing cocoa

The EEC is the main market for cocoa beans with imports of \$191.7 million, or just over one-half of the imports of \$380.4 million of the four main markets. The United States is also a large market, \$130.8 million, while the United Kingdom and Japan are significant but smaller importers.

The African share of total trade is just under 80 per cent and is worth \$302.5 million. U.S. imports are duty-free. The EEC has reduced its statutory rate of 9 per cent to the applied rate of 5.4 per cent, so that, in practice, the position is unchanged. France and Italy are still applying internal taxes. On the other hand, the United Kingdom and Japan abolished all their duties on cocoa beans. Thus, while there was noticeable improvement of access to the smaller markets, the situation of the non-associated African producing countries, particularly Ghana, in the main market for the product is still unfavourable.

Table 41. Cocoa and chocolate

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
18.01 - Cocoa beans, raw or roasted	15610		0	0	18.01.00		9[5.4] ^a	5.4 ^a
Imports total			130.8				191.7	
African			83.1				156.8	
18.03 - Cocoa paste (in bulk or block), whether or not departed	15620	Paste, not sweetened	0.625cts/lb.	0	18.03.00	Paste	25	15 ^b
18.04 - cocoa butter (part or nil)	15635	Butter	6.25	3	18.04.00	Butter	20	12 ^b
Imports total	15620		5.2		18.03.00		0.2	
African			—				0.1	
	15635		6.6		18.04.00		11.7	
			0.5				6.1	
18.05 - Cocoa powder, unsweetened	15640	Cocoa, not sweetened	0.75cts/lb.	0.37cts/lb.	18.05.00	Powder, unsweetened	27	16 ^c
	15645	Cocoa, sweetened	10	5		Powder, sweetened, containing:		
		Chocolate, sweetened:			18.06.11	60% or less of sugar	30	10 ^d
18.06 - Chocolate and other food preparations containing cocoa	15625	Bars or blocks weighing 10 lb. or more	0.8cts/lb.	0.4cts/lb.	18.06.15	more than 60% of sugar	80	10 ^d
	15630	Other forms	10	5	18.06.90	Chocolate and food preparations other than powder	27	12 ^d
	15647	Confectioners' coatings, etc. containing cocoa	5	2½				
Imports total	15640		9.5		18.05.00		0.1	
African			0.9				—	
	15645		0.1		18.06.11		—	
	15625		1.2		18.06.15		—	
	15630		7.1		18.06.90		9.1	
	15647		—				—	

^a Duty-free if originating in an Associated State and free under tariff quota if originating in Nigeria: 1968, 7,300 tons ;1969, 3,100 tons for first five months.

^b Conditional on right to revert to base rate if market "disrupted".

The United States is the only significant importer of cocoa paste, \$5.2 million, but obtains none of its supplies from African countries, whose share in the \$6.1 million of imports of this product is only \$300,000. There was improvement in access to all four markets. The United States and the United Kingdom abolished their duties of 0.625 cts/lb. and 3s./cwt, respectively. Japan halved its 20 per cent rate, and the EEC conditionally reduced its rate of 20 per cent to 15 per cent. Effective protection of processing was accordingly either reduced or abolished. Internal taxes are applied in the EEC, however.

The import of cocoa butter by the main markets is considerably larger and totals \$53.9 million. The United Kingdom is the main importer, but, in fact, its predominant supplier is the EEC. Likewise, Japan obtains most of its large requirements from the EEC. The African share of this trade is just under one-quarter. Access to the main markets was generally improved. The United Kingdom abolished its duty of 2s.4d/cwt. Japan, the EEC, and the United States reduced their duties of 9 per cent, 20 per cent, and 6.25 per cent to 5 per cent, 12 per cent (conditional), and 3 per cent, respectively. The effective protection

Table 41. Cocoa and chocolate (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
18.01A	Raw	2s.4d/cwt	0	18.01		5	0
18.01B	Roasted	3s./cwt	0				
		MFN	C				
18.01A		0.3	40.8			16.8	
		—	38.5			14.1	
18.01B		—	—				
		—	—				
18.03	Paste	3s./cwt	0	18.03	Paste	20	10
18.04	Butter	2s.4d/cwt	0	18.04	Butter	9	5
		MFN	C				
18.03		0.5	0.1	18.03		0.1	
		—	0.1			0.1	
18.04		18.4	4.5	18.04		12.7	
		—	4.2			2.5	
18.05	Powder, unsweetened chocolate and other preparations:	3s./cwt	0	18.05	Powder, unsweetened chocolate and other preparations:	30	30
18.06A	Chocolate milk crumb	6s./cwt	6s./cwt	18.06.1 }	Confectionery		
18.06B	Powder, sweetened	5s./cwt	5s./cwt	18.06.2 }	and preparations containing sugar	35	35
18.06C	Other chocolate and food preparations	4s./cwt	4s./cwt	18.06.22	Other	25	25
						GQ	GQ
		MFN	C				
18.05		0.1	—	18.05		1.0	
		—	—			—	
18.06		2.3	17.7	18.06		1.6	
		—	—			—	

^c Conditional on right to revert to base rate if market disrupted.

^d Right reserved to impose, in addition to the existing *ad valorem* tariff, a supplementary tariff called a "flexible unit".

of processing is either reduced or abolished. Internal taxes are again applied in the EEC.

The import trade of the four main markets in unsweetened cocoa powder amounts to \$10.7 million, and the United States is the main importer, \$9.5 million, obtaining most of its supplies from the EEC. The African share of this trade is \$900,000, all with the United States. The United States halved its 0.75 cts/lb. duty, the EEC conditionally reduced its 27 per cent duty to 16 per cent, and the United Kingdom

abolished its 3s./cwt duty. On the other hand, Japan took no action and maintained a 30 per cent duty as well as an internal tax. Italy and France also apply internal taxes. So, while effective protection of processing was reduced in the U.S. and the EEC and abolished in the U.K., it was increased in Japan through abolition of the duty on cocoa beans.

Developed countries are the main suppliers of chocolate and other cocoa preparations, and there is a considerable exchange among the four main

Table 42. Prepared or preserved vegetables

(See text on page 92)

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
Ex. 20.01 - Vegetables, prepared or preserved by vinegar or acetic acid		Vegetables, pickled or otherwise prepared or preserved:			20.01	Preserved by vinegar or acetic acid	22	22
	14105	Soybeans	17½	8½	20.02A	Otherwise preserved: Mushrooms	23	23
	14115	Other beans: Pickled	12	12	20.02B	Truffles	20	18
	14120	Other	(12.6)	(12.6)	20.02C	Tomatoes	18	18
		Cabbage:			20.02D	Asparagus	22	22
	14125	Sauerkraut	10	7½	20.02E	Cabbage	20	20
20.02 - Vegetables, otherwise prepared or preserved	14130	Other	17½	8½	20.02F	Capers and olives	20	20
	14135	Chick peas	(5.3)	(4)	20.02G	Other:		
	14140	Cowpeas	(25)	(12½)		Peas and haricot beans	24	24
	14145	Onions: Pickled	8	8		Other	24	22
	14150	Other	17½	8½				
	14155	Peas	(4.1)	(4.1)				
	14160	Pimentos	(20.9)	(10.45)				
		Tomatoes:						
	14165	Paste	17	8½				
	14166	Other	21	10½				
	14170	Water chestnuts	17½	17½				
	14175	Other, pickled	12	12				
	14180	Other	17½	8½				
	14420	Mushrooms, prepared or preserved	(16.1)	(16.1)				
	14430	Truffles, prepared or preserved	0	0				
Imports								
total	14150			0.2 ^a	20.01		4.9 ^b	
African				— ^a			0.1 ^b	
	14160			1.0 ^a	20.02		109.9 ^b	
				— ^a			10.5 ^b	
	14165			7.5 ^a				
				0.3 ^a				
	14166			9.5 ^a				
				0.1 ^a				
	14420			7.8 ^a				
				— ^a				
	14105)							
	14115)							
	14120)							
	14125)							
	14130)							
	14135)							
	14140)			36.8 ^a				
	14145)							
	14155)			0.1 ^a				
	14170)							
	14175)							
	14180)							
	14430)							

^a 1966.

^b 1965.

and 27 per cent to 10 per cent, 10 per cent, and 12 per cent, respectively, it reserved the right to impose in addition a supplementary tariff called a "flexible unit". The United States halved its four duties of 10 per cent, 10 per cent, 0.8cts/lb., and 5 per cent, thus constituting the only market with assured improved access and in which effective protection of processing was reduced. Duties remained relatively high in the remaining markets.

<i>United Kingdom</i>				<i>Japan</i>			
Tariff No.	Description	Rates of duty <i>pre-KR post-KR</i>		Tariff No.	Description	Rates of duty <i>pre-KR post-KR</i>	
20.01	Preserved by vinegar or acetic acid	10	10		Prepared or preserved by vinegar or acetic acid		
	Otherwise preserved:						
	Olives:			20.01.1	Containing added sugar	35	35
20.02A1	In brine	15	7½				
20.02A2	Other	10	7½	20.01.2	ther	25	25
20.02B	Tomato juice	10	5		Otherwise preserved:		
	Other:			20.02.1	Containing added sugar	35	35
	In airtight containers:				Other:		
20.02C1a	Asparagus, beans, peas	10	10	20.02.2	(1) Tomato purée and paste	25	25
20.02C1b	Tomatoes	10	5				
20.02C1c/d	Other	15	15	20.02.2	(2) Other: Asparagus	20	20
20.02C2	Other	10	10		Peas and tomatoes	25	25
					Other	20	20
						25	17½
						25	20
						25	15
						25	15
						25	15
		MFN	C				
20.01		1.3	0.9	All		3.7 ^b	
20.02A1/2		—	—			... ^b	
		0.2	0.1				
20.02B		—	—				
		1.0	0.6				
20.02C1a		—	—				
		1.7	2.3				
		—	1.9				
20.02C1b		34.6	0.3				
		—	0.2				
20.02C1c/d		2.0	0.7				
		—	—				
20.02C2		0.1	0.3				
		—	—				

Ex 20.01 — Vegetables, prepared or preserved by vinegar or acetic acid

20.02 — Vegetables, otherwise prepared or preserved

Of a total market of \$227.4 million for prepared or preserved vegetables, the EEC imports just over one-half, \$114.8 million, followed by the United States, \$62.8 million, the United Kingdom, \$46.1 million, and Japan, \$3.7 million. Preserved tomatoes and olives constitute a major part of this trade. Only \$13.2 million of these total imports are supplied by Africa, and most of this is taken by the EEC.

The EEC has nine tariff positions, framed according to the variety of the vegetable, and they range from 18 per cent to 24 per cent. In two instances there have been marginal reductions from 20 per cent and 24 per cent to 18 per cent and 22 per cent, respectively, and these relate to items of comparatively minor importance. Of the 18 U.S. tariff positions, 10 rates have been approximately halved. Among these, the rates applicable to preserved tomatoes, which cover a substantial proportion of imports, have been cut from 17 per cent and 21 per cent to 8.5 per cent and 10.5 per cent, respectively. The

Ex 25.10 — Phosphates, natural

Total imports of natural phosphates by the four main markets amount to \$216 million, of which just over 60 per cent is supplied by Africa. Entry of this product into all four markets was already duty-free.

Table 43. Natural phosphates

<i>Product and Imports</i>	<i>United States</i>				<i>EEC</i>			
	<i>Tariff No.</i>	<i>Description</i>	<i>Rates of duty</i>		<i>Tariff No.</i>	<i>Description</i>	<i>Rates of duty</i>	
			<i>pre-KR</i>	<i>post-KR</i>			<i>pre-KR</i>	<i>post-KR</i>
Ex 25.10 - Phosphates, natural	48045	Phosphates, crude	0	0	25.10		0	0
Imports total				3.0				135.6
African				0.4				98.6

United Kingdom has halved its duty of 10 per cent on preserved tomatoes in airtight containers, which form the major part of its imports under these headings. It has also halved its duty of 10 per cent on tomato juice, of which there are substantial imports. The 10 per cent and 15 per cent rates on preserved olives have also been reduced to 7.5 per cent each. The remaining four rates, those on vegetables in vinegar, 10 per cent, other vegetables in airtight containers, 10 per cent and 15 per cent, and vegetables n.e.s., 10 per cent, are unchanged. For each, there are significant imports, which in all amount to about

one-fifth of the U.K. total. Of 12 different tariff positions for Japan, which fluctuate from 20 per cent to 35 per cent, Japan has made limited concessions by reducing four items at 25 per cent to 17.5 per cent for one and 15 per cent for the other three. Therefore, there has been little improvement of access to the main market, the EEC, and to one secondary market, Japan, where duties continue to be high. In the other two markets there was noticeable improvement. Special preferences, rather than further duty reductions, would enable African countries to acquire a further share in this trade.

Table 43. Natural phosphates (cont'd)

<i>United Kingdom</i>				<i>Japan</i>			
<i>Tariff No.</i>	<i>Description</i>	<i>Rates of duty</i>		<i>Tariff No.</i>	<i>Description</i>	<i>Rates of duty</i>	
		<i>pre-KR</i>	<i>post-KR</i>			<i>pre-KR</i>	<i>post-KR</i>
25.10		0	0	25.10		0	
		MFN	C				
		25.4	4.4			47.6	
		19.4	—			12.6	

26.01A — Iron ore and concentrates
 26.01B — Roasted iron pyrites
 Ex 73.01 — Pig iron and cast iron

Of the total imports of iron ore and roasted iron pyrites by the four main markets, the developed countries provide somewhat less than one-half, \$692 million of \$1,522 million. African suppliers to these markets account for some \$255 million, or about one-sixth. The EEC is the most important market, but both the United States and Japan are

very large importers. The United Kingdom takes a significant but smaller share. All imports into the four main markets enter duty-free.

Pig iron is imported into the four main markets in a value of \$246 million. A little over one-half is imported by Japan. The EEC imports about one-quarter, and the remainder is thus taken by the United States and the United Kingdom. Almost the whole of African exports of pig iron go to Japan, \$37 million of \$40 million. Japan halved its 10 per cent duty,

Table 44. Iron

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
26.01A - Iron ore and concentrates	60124	Iron ore and the residuum from burnt pyrites	0	0	26.01.11	Roasted iron pyrites	0	0
26.01B - Iron pyrites, roasted					26.01.19	Iron ore and concentrates	0	0
Imports total			421.3		26.01.11		11.9	
African			20.3		26.01.19		0.1	
							514.8	
							151.2	
Ex 73.01 - Pig iron and cast iron, in pigs, blocks, lumps, and similar forms	60715	Not containing chromium, molybdenum, tungsten, or vanadium in amounts specified ^a	20cts/ton (0.4)	0	73.01B	Various specifications ^b	5 ^c	4
							4 ^c	4
							5	4
							13.6	4
							5	4
	60718	Containing chromium, molybdenum, tungsten, or vanadium in specified amounts ^a	56.25cts/ton + additional duties	28cts/ton + additional duties			15.7	4
							5	0
							5	4
Imports total			38.4 ^c				64.8 ^c	
African	Both		0.5 ^c				2.0 ^c	

^a The specified amounts are: over 0.2% of chromium; over 0.1% of molybdenum; over 0.3% of tungsten; over 0.1% of vanadium.

^b The main divisions are between the iron, phosphorus, and other varieties. There are further sub-divisions according to the manganese, silica, titanium, and vanadium contents, etc.

^c The average for the countries of the EEC.

thereby giving improved access to the main export market for Africa. Duties in the other markets depend to a large extent on the content in the pig iron of such minerals as chromium, molybdenum, tungsten, vanadium, phosphorus, manganese, titanium, silicon, cobalt, sulphur, and carbon. In the EEC the various duties, most of which averaged 5 per cent for the different member countries, all have been reduced to 4 per cent, except for one, which was abolished. The United States has abolished its duty of 20 cts/ton

(0.4 per cent a.v.e.) on iron not containing the specified amounts of certain minerals and has halved the base rate of the remaining duty. The U.K. duty on iron of low mineral content was already zero. The remaining duty was reduced from 15.3 per cent a.v.e. to 8 per cent. Therefore, there has been a slight improvement in access for African products to all main markets. Since developed countries are the major suppliers, African countries would benefit more from special preferences than from further reductions of duties.

Table 44. Iron (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
26.01B	Iron ore and concentrates and roasted iron pyrites	0	0	26.01.1	Iron ore and concentrates and roasted iron pyrites	0	0
		MFN	C				
		98.0	55.3			420.3	
		52.2	6.6			25.0	
73.01A/B/C/D	Smelted wholly with charcoal; vanadium-titanium pig iron produced in an electric furnace; other kinds, similarly produced, depending on the cobalt, phosphorus, sulphur, and carbon contents. ^d	0	0	Ex 73.01		10	5
73.01E	Other	£2.10s/ton or 10 (15.3)	£2/ton or 8				
		MFN	C				
All		14.5 °	1.8 °			126.0 °	
		— °	0.1 °			37.1 °	

^d The specified amounts are either more than 0.1% of cobalt, but not more than 0.025% of phosphorus and not more than 0.02% of sulphur, or, not more than 0.025% of phosphorus, not more than 0.02% of sulphur, and not more than 2.5% of total carbon.

° 1965.

26.01C — Copper ore and concentrates

74.01 — Copper matte; unwrought copper (refined or not)

The four main markets import copper ore valued at \$154 million. A little less than 40 per cent of this is derived from developed countries. Of the remainder, African sources provide only \$3.2 million to the four markets. Access was improved to the one market which still applies duties, the United

States, which reduced its duty of 1.7 cts/lb. (temporarily suspended to zero until 30 June 1968) to 0.8 cts/lb.

Of total imports of \$1,558 million of unwrought copper, copper waste and scrap, and copper matte by the four main markets, African countries supply about \$600 million. The EEC is the biggest importer, followed by the United Kingdom, the United States, and Japan. Imports into the EEC are entirely duty-free, and U.K. imports are almost all duty-free.

Table 45. Copper

Product and Imports	United States			EEC		
	Tariff No.	Description	Rates of duty		Tariff No.	Description
			pre-KR	post-KR		
26.01C - Copper ore and concentrates	60225	Copper-bearing ores: For use as a flux in copper smelting up to 15,000 tons			26.01.90	
	60230	Other	0 ^a 1.7cts/lb. ^a [0]	0 ^a 0.8cts/lb. ^a [0]		
Imports total	60225			0.2		
African	60230			25.2		
				—		
74.01 - Copper matte; unwrought copper (refined or not); copper waste and scrap	61202	Unwrought copper: Cement copper and copper precipitates			74.01.00	
	61203	Black copper, blister copper, and anode copper	1.7cts/lb. ^b (4.4)	0.8cts/lb. ^b (2.2)		
	61205	Nickel silver	1.7cts/lb. ^b +10 (14.5)	0.8cts/lb. ^b +5 (7.2)		
	61206	Other	1.7cts/lb. ^b (5.7)	0.8cts/lb. ^b (2.8)		
	61208	Copper waste and scrap: Nickel silver	1.7cts/lb. ^c +10 (13.7)	0.8cts/lb. ^c +5 (6.3)		
	61210	Other	1.7cts/lb. ^c	0.8cts/lb. ^c		
		(All the above rates apply when the price of copper is 24cts/lb. or above. Otherwise, under 24cts/lb.: pre-KR 2cts/lb., post-KR 1cts/lb.)				
Imports total	61202			0.2		
African	61203			244.0		
	61205			17.1		
	61206			—		
	61208			66.8		
	61210			9.2		
				—		
				3.6		
				—		
				721.7		
				348.7		

^a Rates refer to the copper content when the price of copper is 24cts/per lb. or above (under 24cts/lb.: pre-KR 2cts/lb., post-KR 1cts/lb.). However, these duties are temporarily suspended until 30 June 1968.

The remaining U.K. duty of 10 per cent on unwrought alloys of copper, of which the United Kingdom is a minor importer, was halved. The United States halved its duties of 4.4 per cent a.v.e. on cement copper and copper precipitates and 5.6 per cent a.v.e. (applied zero) on black copper, blister copper, and anode copper, as well as its other duties on unwrought copper. Japan, which imports mainly unalloy-

ed copper, reduced its rates of 10 per cent (zero applied) and 12 per cent a.v.e. (zero applied) to 8.5 per cent and 11 per cent a.v.e., respectively. Copper matte, also imported substantially, was already duty-free. Access was thus improved into the three markets which still apply duties, the United States, the United Kingdom, and Japan, and effective protection of processing was reduced by varying degrees.

Table 45. Copper (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
26.01.B		0	0	26.01.2		0	0
		MFN 0.3 —	C — —			102.1 1.6	
74.01.A	Copper matte; cement copper; copper waste and scrap	0	0	74.01.1	Matte, cement copper and native copper	0	0
74.01.B1	Unwrought copper: Other than alloys of copper	0	0	74.01.2(1)	Unwrought copper: Containing not more than 99.8% of copper and for smelting or refining	10[0]	8½
74.01.B2	Alloys of copper	10	5		Other: Unalloyed, containing more than 95% copper:		
				74.01.2 (2)1a	Blister copper in bar	10[0]	8½
				74.01.2 (2)1b	Other	Y27/kg. [0] (12)	Y24/kg. (11)
				74.01.2 (2)2	Other	Y30/kg. [0] (6)	Y24/kg. (5)
				74.01.3	Waste and scrap	5[0]	2½
		MFN	C				
74.01.A		1.3	1.3	74.01.1		10.3	
		0.1	0.7			1.9	
74.01.B1		124.0	239.2	74.01.2(1)		80.8	
		—	162.3			58.7	
74.01.B2		—	0.3	74.01.2(2)		—	
		—	0.3			—	
				74.01.3		64.2	
						1.2	

^b On copper content. Duties suspended until 30 June 1968.

^c On 99.6% of copper content. Duties suspended until 30 June 1968.

26.01E — Bauxite and concentrates
 Ex 28.20 — Aluminium oxide and hydroxide (alumina)
 76.01 — Aluminium, unwrought

Of the four main markets, the United States overwhelmingly predominates as an importer of bauxite, \$133 million of the total of \$183 million. By this standard, the other markets are minor, the EEC accounting for \$25.9 million, Japan for \$18.3 million, and the United Kingdom for only \$5.3 million. Sierra Leone and Ghana are significant suppliers to the EEC and the United Kingdom, respectively, but the African share of the total market is only \$4.4 million. There are no import duties on bauxite in the EEC, the United Kingdom, and Japan. The United States has abolished its two suspended duties of 50cts/ton and 55cts/ton (1.5 per cent a.v.e.).

Thus, completely free access to the four major markets has been achieved.

Imports into the main markets of alumina, the intermediate product between bauxite and aluminium, are small in relation to the other two products. The United States, however, imports a significant amount, \$27.4 million, partly from African sources, and the EEC also has significant imports, \$10.4 million, almost half of which are obtained from one African source, Guinea. In many cases, the duties on alumina in the four main markets are higher than those on the product of the next stage of manufacture, unwrought aluminium. The EEC has reduced its 11 per cent duty on alumina to 5.5 per cent, on the condition that the United States cancels legislation which bases the U.S. customs value on the American

Table 46. Bauxite, alumina, and aluminium

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
26.01E - Bauxite and concentrates	60106	Bauxite ore	50cts/ton[0] ^a (1.5)	0	26.01.90	Bauxite	0	0
	52117 41712	Bauxite, calcined Aluminium hydroxide (alumina)	55cts/ton[0] ^a 0.25cts/lb.[0] ^a (8.1)	0 0.12cts/lb. ^a (4.0)	28.20.10 76.01.10	Aluminium oxide and hydroxide (alumina) Unwrought aluminium	11 9	5½ ^b 9[5] ^c
Ex 28.20 - Aluminium oxide and hydroxide (alumina)	61801	Unwrought aluminium: Cross-section not greater than 0.375 in., in coils	2.5cts/lb. (0.7)	1.25cts/lb. (0.3)				
76.01 - Aluminium, unwrought	61802	Other	1.25cts/lb. (6.2)	0.6cts/lb. (3.1)				
Imports total	60106		128.8		26.01.90		25.9	
African			—				1.5	
	52117		4.6		28.20.10		10.4	
	41712		27.4		76.01.10		4.9	
	61801/2		3.6 218.2 5.7				207.1 15.4	

^a Suspended until 15 July 1968.

^b Conditional on cancellation of US legislation which bases the customs value on the American selling price.

selling price. The United States has approximately halved its duty of 0.25cts/lb. (8.1 per cent a.v.e.). The United Kingdom has reduced its duty of 10 per cent to 8 per cent (9 per cent applied until the introduction of the 1967 Geneva Protocol on Chemicals). Japan has cut its 15 per cent duty (zero applied) to 7.5 per cent on aluminium oxide (anhydrous alumina) imported for the manufacture of aluminium. Its other 15 per cent rate was reduced to 10 per cent. The rate of 15 per cent on aluminium hydroxide (hydrated alumina) was also cut to 7.5 per cent. Despite these cuts, some duties remain rather high.

The four main markets import \$620 million of unwrought aluminium. The United States and the EEC are of almost equal importance, accounting for \$218.2 and \$207.1 million, respectively. The United

Kingdom is not far behind, with imports of \$175.4 million. Japan is a relatively small importer, \$19.3 million. The African share of this trade is \$21.1 million. The United Kingdom has a zero rate on unalloyed aluminium. Concessions have been made by all four main markets. The United States approximately halved its two duties of 2.5cts/lb. (0.7 per cent a.v.e.) on thin cross-section aluminium in coils and 1.25cts/lb. (6.2 per cent a.v.e.) on other unwrought aluminium. The EEC kept its rate of 9 per cent but conceded a tariff quota of 130,000 tons at a reduced rate of 5 per cent. The United Kingdom halved its remaining duty of 10 per cent on aluminium alloys, and Japan cut its 13 per cent rate to 9 per cent. Unwrought aluminium products have therefore gained improved access to all the main markets.

Table 46. Bauxite, alumina, and aluminium (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
26.01B	Bauxite	0	0	26.01.3	Bauxite	0	0
28.20A1	Aluminium oxide:			28.20.1(1)	Aluminium oxide:		
	Analytical reagent quality	33 1/3	8 [9] ^d		For manufacture of aluminium	15[0]	7 1/2
28.20A2	Other			28.20.1(2)	Other	15	10
28.20B	Aluminium hydroxide	10	8 [9] ^d	28.20.2	Aluminium hydroxide	15	7 1/2
76.01A1	Unwrought aluminium:			76.01.1	Unwrought aluminium	13	9
	Other than alloys	0	0				
76.01A2	Alloys, not being waste or scrap	10	5				
		MFN	C				
26.01B		1.6	3.7	26.01.3		18.3	
28.20A1/		0.2	0.6	28.20.1/2		...	
A2/B		...	...			...
76.01A1/		79.7	95.7	76.01.1		19.3	
2		—	—			—	

^c Reduced rate under tariff quota of 130,000 tons.

^d The higher rate is applied until the 1967 Geneva Protocol on Chemicals comes into force.

27.09 — Petroleum oils, crude

27.10 — Petroleum oils, other than crude

Of total imports of \$6,928.5 million of crude petroleum by the four markets, the EEC is the major importer, accounting for \$3,217.3 million. The EEC applies no duties on imports, but France imposes quantitative restrictions. The African share of the four markets is somewhat over one-sixth. In terms of value, crude petroleum is the main export com-

modity of Africa, amounting to \$1,172.6 million. There has been no change in the duties applied by the other three markets. The U.K. retained its duty of 3s.3d/gal. on its main imported product. Japan maintained a rate of 13 per cent a.v.e., and the U.S. maintained rates of 2.6 per cent a.v.e. and 4.5 per cent a.v.e. on its two grades, as well as quantitative restrictions.

Petroleum oils, other than crude, are traded on a large scale among the four main markets them-

(Continued on page 102)

Table 47. Petroleum oils

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
27.09 - Petroleum oils, crude		Crude petroleum; crude shale oil: Testing under 25° A.P.1			27.09.00		0 Q(F)	0 Q(F)
	47505		0.125cts/gal. (2.6)	0.125cts/gal. (2.6)				
	47510	Testing 25° A.P.1 and over	0.25cts/gal. (4.5) Q	0.25cts/gal. (4.5) Q				
Imports total	47505 ^a		845.7				3,217.3	
African	47510 ^a		855.3				899.1	
			27.1					
27.10 - Petroleum oils, other than crude		Topped crude; distillate and residual fuel oils: Testing under 25° A.P.1			27.10.10	Light oils	14 [0;6]	7
	47505		0.125cts/gal. (2.6)	0.125cts/gal. (2.6)	27.10.30	Medium oils	14 [0;6]	7
	47510	Testing 25° A.P.1 and over	0.25cts/gal. (4.5)	0.25cts/gal. (4.5)	27.10.50	Heavy oils: Gas-oil	10 [0;3½]	5
	47525	Motor fuel (including gasoline and jet fuel)	1.25cts/gal. (14.6)	1.25cts/gal. (14.6)	27.10.60	Fuel oils	10 [0;3½]	5
	47530	Kerosene (except motor fuel)	0.25cts/gal. (3.8)	0.25cts/gal. (3.8)	27.10.70	Lubricating oils and others	12 [0;7] Q(B)	6 Q(B)
	47535	Naphthas (except motor fuel)	0.25cts/gal.	0.25cts/gal.			Q(F)	Q(F)
	47545	Lubricating oils	2cts/gal. (7)	2cts/gal. (7)				
	47555	Lubricating greases: Containing not over 10% of salts of fatty acids of animal or vegetable origin						
	47560	Other	10 1cts/lb. +10 (14.4)	10 1cts/lb. +10 (14.4)				
	47565	Hydrocarbons, n.s.p.f.	0.25cts/gal.	0.25cts/gal.				
Imports total	47505 ^b		845.7		27.10.10		48.5	
African	47510 ^b		855.3		27.10.30		4.5	
			27.1				11.9	
	47525		117.4 ^c		27.10.50		139.5	
			— ^c				—	
	47530		0.5		27.10.60		151.2	
			—				18.8	
	47535		68.5					
			—					
	47545		0.4					
			—					

Table 47. Petroleum oils (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
27.09A	Solid and semi-solid petroleum oils	0	0	27.09		Y530/K1. [640] (13)	Y530/K1.
27.09B	Other	3s.3d/gal.	3s.3d/gal.				
27.09A		MFN —	C —			907.8 0.7	
27.09B		965.7 178.9	136.7 66.8				
27.10A	Hydrocarbon oils	3s.3d/gal.	3s.3d/gal.	27.10.1	Petroleum spirits:		
27.10B	Other	10	5	(1)A	Of which the fraction 5% to 95% distils within not more than 2°C	20	20
				27.10.1 (1)Ba	Other:	Y3033/K1. (22)	Y3033/K1. (22)
				27.10.1 (1)Bb	Aviation	Y2150/K1. [250;500] (14)	Y2150/K1. (14)
				27.10.1(2)	Other	Y2020/K1. (10)	Y2020/K1. (10)
				27.10.1(3)	Kerosene (including jet fuel)	Y1890/K1. (20)	Y1890/K1. (20)
					Gas oils		
					Heavy fuel oils and raw oils:		
				27.10.1 (4)A	Specific gravity not more than 0.9037 at 15°C	Y820/K1. [640;955] (10-14)	Y820/K1.
				27.10.1 (4)B	Specific gravity more than 0.9037 but not more than 0.9273 at 15°C	Y630/K1. [640;730] (9-11)	Y630/K1.
				27.10.1 (4)C	Specific gravity more than 0.9273 at 15°C	Y570/K1. [640;660] (11)	Y570/K1.
					Lubricating oils including liquid paraffin:		
				27.10.1 (5)A	Specific gravity more than 0.8494 at 15°C	20	10
				27.10.1 (5)B	Other	20;22½	10;11½
				27.10.1 (6)	Other oils	20	15
				27.10.2	Preparations, n.e.s.	15;20 GQ	7½;10 GQ
27.10A		MFN 364.0	C 145.7	27.10.1 (1)A		0.9	
27.10B		10.7	2.4	27.10.1 (1)Ba		2.5	
		—	—	27.10.1 (1)Bb		1.8	
				27.10.1(2)		1.4	
				27.10.1(3)		0.7	
				27.10.1 (4)A		59.7	

Table 47. Petroleum oils (cont'd)

<i>Product and Imports</i>	<i>United States</i>			<i>EEC</i>		
	<i>Tariff No.</i>	<i>Description</i>	<i>Rates of duty</i>		<i>Tariff No.</i>	<i>Description</i>
			<i>pre-KR</i>	<i>post-KR</i>		
	47555			—		
	47560			—		
	47565			4.5		

^a See also under 27.10.

^b See also under 27.09.

^c 1966.

selves, which also draw a high proportion of their supplies from other developed countries. The imports of the four markets amount to \$2,971.8 million, of which the African share is only slightly more than 2 per cent, or \$63.5 million. The United States represents over 60 per cent of this market, followed by the United Kingdom, the EEC, and Japan. The United States made no significant changes in its existing rates. The United Kingdom left unchanged its duty of 3s.3d/gal., which applies to virtually all imports. The EEC has halved all its statutory duties

of 10 per cent (zero or 3.5 per cent applied), 12 per cent (zero or 7 per cent applied), and 14 per cent (zero or 6 per cent applied). Quantitative restrictions exist in Benelux and France. Japan retained existing duties on the bulk of its imports but has halved its rates on lubricating oils. It continues to apply quantitative restrictions. The Japanese reductions are not relevant to existing African trade flows. Greater opportunities for African participation in this trade would be available if this formidable array of duties and quotas did not exist.

Table 47. Petroleum oils (cont'd)

<i>United Kingdom</i>				<i>Japan</i>			
<i>Tariff No.</i>	<i>Description</i>	<i>Rates of duty</i>		<i>Tariff No.</i>	<i>Description</i>	<i>Rates of duty</i>	
		<i>pre-KR</i>	<i>post-KR</i>			<i>pre-KR</i>	<i>post-KR</i>
				27.10.1 (4)B		10.0	—
				27.10.1 (4)C		138.1	—
				27.10.1 (5)A		2.4	—
				27.10.1(6)		—	—
				27.10.2		1.2	—

- 41.01 — Hides and skins, raw
- 41.02 — Leather, bovine
- 41.03 — Leather, sheep and lamb skin
- 41.04 — Leather, goat and kid skin
- 41.05 — Leather, other
- Ex 64.02 — Leather footwear

The EEC imports almost 60 per cent of the total of \$452 million for hides and skins, followed by the United States, and then by almost equal markets in Japan and the United Kingdom. The developed countries supply most of the requirements of the four main markets. The African share of this trade amounts to just over 8 per cent, or \$38 million. The bulk of imports into all main markets is duty-free. The EEC and Japan provide entirely duty-free access, and the duties of the United Kingdom and the United States cover only a small proportion of imports. All remaining tariffs in the United Kingdom and most in the United States were abolished, resulting in duty-free access to all markets, except for one bovine variety into the United States, on which the duty of 4 per cent was halved.

Developed countries supply three-quarters of the \$68 million total imports of bovine leather by the four main markets. Of the remaining one-quarter, the African contribution is only \$1.7 million. The United Kingdom is the biggest importer, followed by the EEC, the United States, and Japan. The United Kingdom split its duty of 20 per cent on box and willow calf, covering about 45 per cent of its imports into separate rates of 8 per cent, 12 per cent, and 16 per cent. The duty of 10 per cent on other leathers, not dressed, covering about 40 per cent of imports, was reduced to 8 per cent. The remaining duty of 15 per cent was reduced to 12 per cent. The EEC marginally reduced its rates of

9 per cent and 10 per cent. The United States reduced two duties of 12.5 per cent, covering the bulk of its imports, to 9 per cent. The other duties were approximately halved. No action was taken by Japan, which maintained duties of 15 per cent and 20 per cent, as well as quantitative restrictions. Thus, access to three markets, the United Kingdom, the EEC, and the United States, was improved, and the effective protection of processing was reduced. In Japan, however, duties of up to 20 per cent remain, along with quantitative restrictions. African countries would benefit by special preferences instead of a further reduction of duties.

For sheepskin and lambskin leather, developed countries supply more than one-half of the combined imports of \$42.7 million by the four main markets. The contribution of African countries to this trade is so far negligible. The EEC is by far the biggest importer, \$28.5 million. The United Kingdom imports significant quantities from Commonwealth countries, \$7.9 million, and Japan imports \$4.5 million. The United States is an exporter rather than an importer. The EEC has no duty on vegetable-tanned sheepskin from developing countries. The other duties of 6 per cent (4.5 per cent applied) and 10 per cent (8 per cent applied) were halved. The United Kingdom reduced its rate of 15 per cent on dressed leather, mostly imported from developed countries, to 12 per cent, and its rate of 10 per cent for other kinds to 8 per cent. Japan halved its rates of 15 per cent covering virtually all imports. The other rate remained unchanged and is also subject to global quota. The United States halved its duty of 10 per cent on non-fancy leather, covering most of its imports. The other rates of 8 per cent and 12.5 per cent were both reduced to 6 per cent. Market access was thus improved and effective protection

Table 48A. Hides and skins

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
41.01 - Hides and skins, raw	12011	Bovine: Buffalo	2	0	40.01.10	Sheep and lamb skins with the wool on	0	0
	12013	Other: Whole, weighing over 12 lbs. dried or dry-salted or 25 lbs. wet or wet-salted	4	0	40.01.21	Other: Fresh, salted, or dried	0	0
		Other	4	2	40.01.25	Limed or pickled	0	0
	12020	Other	0	0				
	Imports total			1.2	All		260.0	
	African			0.2			18.9	
				12.3				
	12020		66.1					
			5.1					

of processing was reduced by all four markets. However, African exports still face some relatively high duties. Here again, special preferences would be of advantage.

Developing countries are the predominant suppliers of goatskin and kidskin leather to the main markets. The EEC is the main importer. U.K. imports are also substantial and slightly more than those of the United States. Japan is a relatively minor importer. African countries make a negligible contribution to this trade, except for the relatively small amounts imported by the United Kingdom from Commonwealth countries. The EEC, the United Kingdom, and Japan made similar duty reductions to those made for sheepskin leather. The United States halved its duty on vegetable-tanned leather and reduced the remaining two duties of 10 per cent to 5 per cent and 6 per cent. The general effect is the same as in the case of sheepskin leather.

There remains the market for other types of leather, which is comparatively small. The EEC is again the major importer, followed by the United Kingdom, the United States, and Japan. African countries have so far taken no part in this trade, most of which is in the hands of the developed countries. The EEC halved its 9 per cent duty (7.2 per cent applied), which covers the bulk of its imports. The 8 per cent rate (6.4 per cent applied), of more importance to African countries, was halved. The remaining 8 per cent rate on reptile leather was abolished. The United States reduced its two duties of 12.5 per cent to 6 per cent. The United Kingdom reduced its rate of 12 per cent, covering the bulk of imports, to 8 per cent. Other duties of 15 per cent and 10 per cent were reduced to 8 per cent. Japan halved all its rates, ranging from 15 per cent to 25

Table 48A. Hides and skins (cont'd)

Table 48B. Leather

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
41.02 - Leather, bovine		In the rough, partly finished, or finished:			41.02.10	Bovine and equine: Simply tanned	9	8
41.03 - Leather, sheep and lamb skin	12125	Upholstery leather	12½	6	41.02.90	Other	10	9
		Other:				Sheep and lamb skin:		
	12130	Calf and kid: Upper	12½	9	41.03.10	Indian, simply tanned	0	0
	12135	Lining	8½	4				
		Other:				Other:		
41.04 - Leather, goat and kid skin	12140	Not fancy	10	5				
	12145	Fancy	12½	9	41.03.91	Simply tanned	6[4½]	3
	12150	Pig and hog	12½	6	41.03.99	Other	10[8]	5
		Other:			41.04.10	Goat and kid: Indian, simply tanned	0	0
		Not fancy:						
41.05 - Leather, other		Vegetable tanned, goat and sheep, in the rough:			41.04.91	Simply tanned	7[5.6]	3½
	1215620	Goat	8	4	41.04.99	Other	10[8]	5
	1215640	Sheep	8	6	41.05.10	Other kinds: Reptile, simply tanned	8	0
	12157	Other	10	5				
		Fancy:				Other:		
	12160	Goat and kid	10	6	41.05.10	Simply tanned	8[6.4]	4
	12165	Other	12½	6	41.05.90	Other	9[7.2]	4½
Imports total								
African	12125			0.6	41.02.10			3.8
				—				0.3
	12130			8.5	41.02.90			11.0
				—				0.9
	12135			3.0	41.03.10			6.1
				—				—
	12140			0.4	41.03.91			4.9
				0.1				0.5
	12145			4.1	41.03.99			17.5
				—				0.1
	12150			1.6	41.04.10			11.2
				—				—
	1215620			4.3	41.04.91			1.0
				—				—
	1215640			0.3	41.04.99			5.7
				—				0.7
	12157			5.4	41.05.10			1.1
				0.1				—
	12160			1.1	41.05.90			5.8
				—				—
	12165			0.8				—
				—				—

per cent on footwear containing more than 5 per cent of man-made fibres and halved its duties on the other selected items. The EEC halved its duty of 16 per cent on footwear with leather uppers, covering more than half its imports, and left the other rate of 20 per cent unchanged. Japan left unchanged its rates of 27 per cent and 30 per cent on all the selected items. Japan also applies a global quota on footwear with uppers or soles of leather, exclud-

ing those for sports or slippers. Improvement of access is thus afforded into three markets, the United States, the EEC, and the United Kingdom, but duties remain generally high. High duties and quantitative restrictions present considerable obstacles to any promotion of African trade with Japan. African trade needs the advantage of special preferences, rather than reduction of duties, to make any significant inroads into the major markets.

Table 48B. Leather (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
41.02A	Bovine and equine: Box and willow calf, sides, and other chrome tanned leather	20	8;12;16	41.02.1	Bovine: Dyed, coloured, stamped, or embossed	20	20
41.02B1	Other: Dressed	15	12	41.02.2	Other	15	15
41.02B2	Other	10	8		Sheep and lamb skin: Dyed, coloured, stamped, or embossed	20	20
41.03A	Sheep and lamb skin: Dressed	15	12	41.03.2	Other	GQ	GQ
41.03B	Other	10	8		Goat and kid skin: Dyed, coloured, stamped, or embossed	15	15
41.04A1	Goat and kid: Dressed: Glaze kid	10	8	41.04.1	Other	20	20
41.04A2	Other	15	12		Other	GQ	GQ
41.04B	Other	10	8	41.04.2	Other kinds: Of swine: Dyed, coloured, stamped, or embossed	15	15
41.05A1	Other kinds: Dressed: Reptile	15	8	41.05.1(1)	Other	20	10
41.05A2	Other	12	8	41.05.1(2)	Of alligator, crocodile, lizard	15	7½
41.05B	Other	10	8	41.05.2	Other	25	12½
				41.05.3		15	7½
41.02A		MFN	C	41.02.1			—
41.02B1		3.4	13.3	41.02.2			—
41.02B2		—	0.2	41.03.1			—
41.03A		2.2	3.3	41.03.2			—
41.03B		—	0.1	41.04.1			—
41.04A1		0.8	13.7	41.04.2			—
41.04A2		—	0.2	41.05.1(1)			—
41.04B		0.7	0.3	41.05.1(2)			—
41.05A1		—	7.6	41.05.2			—
41.05A2		—	—	41.05.3			—
41.05B		0.2	0.3				—
		0.1	0.2				—
		—	9.3				—
		—	2.1				—
		0.4	0.1				—
		—	—				—
		2.8	0.1				—
		—	—				—
		0.1	0.8				—
		—	—				—

Table 48C. Leather footwear

Product and Imports	United States				EEC			
	Tariff No.	Description ^a	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
Ex 64.02 - Leather footwear	70020	Turned footwear	5	2½	64.02.10	With leather soles:	16	8
	70025	Welt footwear:				With leather uppers		
		Valued not over \$2/pair	17	17	64.02.90	Other	20	20
	70026	Valued over \$2 but not over \$5/pair	34cts/pr. (6.9)	17cts/pr. (3½)				
	70026	Valued over \$5/pair but not over \$6.80/pair	34cts/pr. (6.9)	5				
	70027	Valued over \$6.80/pair	5	5				
	70030	With moulded soles laced to uppers	10	5				
	70032	Slippers	10	5				
	70035	Other, of leather: For men, youths, and boys	10	8½				
	70040	For other persons	20	10;15 ^b				
Imports total African	70065	With uppers of fibres and soles of leather	20	20				
	70020		4.7		64.02.10		15.8	
	70025		0.7 ^c		64.02.90		0.3	
	70026		5.0				14.3	
	70027		11.9					
	70030		0.1					
	70032		1.0					
	70035		15.9					
	70040		36.8					
	70065		2.6					

^a Selected items of export interest to African countries.

^b On 79 per cent of trade, the concession is 25 per cent. On the remainder, a 50 per cent concession is given.

^c Commonwealth rate: 20.

Table 48C. Leather footwear (cont'd)

United Kingdom				Japan			
Tariff No.	Description ^a	Rates of duty		Tariff No.	Description ^d	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
64.02B1	With leather soles and uppers of leather or other material: With more than 5% of silk or man-made fibres	22½ ^c	10	64.02.1(1) 64.02.1(2)	With leather soles and uppers: Shoes Footwear n.e.s. (excluding slippers and house footwear)	27 27	27 27
64.02B2i	Other: Men's	15	7½	64.02.1(3)	Other	30	30
64.02B2ii	Women's	10	5	64.02.2(1)	With other soles of leather:		
64.02B2iii	Children's	20	10		Canvas shoes	27	27
					Other	30 GQ	30 GQ

64.02B1	MFN	C	All	1.1
	—	—		—
64.02B2i	9.5	3.1		
	—	—		
64.02B2ii	15.8	6.3		
	—	—		
64.02B2iii	1.4	0.7		
	—	—		

^d Selected items of export interest to African countries, but footwear with textile uppers and rubber or plastic soles have been excluded.

^c 1966.

44.03 — Wood in the rough

44.15 — Plywood, blockboard, laminboard, battenboard, and veneer panels

Wood in the rough includes saw logs, veneer logs, logs for pulping, pit-props, telegraph poles, piles, and posts. There is a large combined market in these products of \$812.8 million. Japan is the main importer, \$392.4 million, followed closely by the EEC, \$352.3 million. The imports of the United Kingdom and the United States are \$39.8 million and \$28.3 million, respectively. The export share of Africa is over one-quarter, most of which goes to the EEC. Most imports by the main markets are duty-free and all in the case of the United States. The few duties in force relate to small proportions

of imports. The EEC abolished its 5 per cent duty (zero applied) on tropical woods, covering roughly half of total imports, virtually all of African origin. Its other main duty is already zero. The bulk of Japanese imports are already duty-free. A remaining Japanese duty of 20 per cent (zero applied) on certain woods, including some of African export interest, was abolished. More than three-quarters of the imports of the United Kingdom are already duty-free, and the remaining duties are of little interest to African trade. There is little more which can be done towards improvement of access for African products.

Imports of plywood and related products by the four main markets amount to \$221.9 million.

Table 49A. Rough wood

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
44.03 - Wood in the rough, whether or not stripped of its bark or merely roughed down	20035	Logs and timber in the rough	0	0	44.03.10	Tropical woods ^a	5[0]	0
	20060	Wood poles, piles, and posts	0	0	44.03.91	Posts of conifer wood ^b	6	3
					44.03.99	Other	0	0
Imports total	20035		22.9		44.03.10		152.4	
African			1.8				150.4	
	20060		5.4		44.03.91		0.8	
			—		44.03.99		199.1	
							51.2	

^a 35 varieties are listed.

^b Of specific dimensions from 6 metres to 18 metres long and with circumference from 45 cm. to 90 cm. at the foot.

^c The standard is of 165 cu.ft.

The United States is the major importer, \$123.2 million, but about one-third of this is imported from Japan, whose own imports are insignificant. The United Kingdom is a large importer, \$81.5 million, but it also draws most of its supplies from developed countries. The EEC is a relatively small importer, \$17 million, and is itself a major exporter to the United Kingdom. There are many African producing countries, but so far their share in the import trade of the main markets is small, \$14.2 million. The United States maintained its duty of 20 per cent on plywood, which represents more than three-quarters of its imports. The Philippines, a major supplier, thereby retains its preferential status. The rates on other items, supplied overwhelmingly by

developed countries, were cut by half or more. The United Kingdom halved both its rate of 10 per cent on plywood and its rate of 20 per cent on veneered panels. The EEC only marginally reduced its rates of 14 per cent and 15 per cent, and Japan reduced its rate of 20 per cent to 15 per cent. Except for the United Kingdom, substantial improvement in access was not afforded. In some cases there has been reduction of effective protection of processing, but duties on the whole, in so far as they apply to African products, remain comparatively high. It would help the non-Associated and non-Commonwealth African producers if they could be granted special preferences in the four main markets. This would be of more advantage than a further general reduction of duties.

Table 49A. Rough wood (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
44.03A	Logs not exceeding 85 in. in length and 48 in. in girth at the narrower end and not being of ash	0	0	44.03.1	Of Kwarin, Tsuge, or boxwood (<i>Cassia siamea</i> lam.), red sandal wood, rose wood, or ebony wood	20[0]	0
44.03B	Pit-props and pit-poles	0	0	44.03.2	Of Kiri (<i>genus paulownia</i>)	5	5
44.03C	Telegraph poles of certain dimensions	0	0	44.03.3	Other	0	0
44.03D(1)	Other: Coniferous	8s./standard c (0.6)	0				
44.03D(2)	Of the species <i>Acer</i> , <i>Betula</i> , <i>Fagus</i> , <i>Fraxinus</i> , <i>Juglans</i> , <i>Populus</i> , <i>Quercus</i> , and <i>Ulmus</i> ; <i>Castanea sativa</i> ; <i>Eucalyptus diversicolor</i> ; <i>Eucalyptus marginata</i>	8	4				
44.03D(3)	Other	0	0				
		MFN	C				
44.03A		0.9	4.5	44.03.1		0.3	—
44.03B		8.3	—	44.03.2		0.2	—
44.03C		—	—	44.03.3		391.9	—
44.03D(1)		0.3	0.4				
44.03D(2)		—	0.2				
44.03D(2)		0.4	1.2				
44.03D(3)		—	0.1				
44.03D(3)		10.2	13.6				
		7.9	12.6				

Table 49B. Plywood and related products

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
44.15 - Plywood, blackboard, laminboard, battenboard, and veneer panels		Plywood, whether or not face finished: Not face finished or with a face ply of certain non-African woods :			44.15.10	Plywood with at least one face of special quality wood ^b	14	13
					44.15.90	Other ^c	15	13
	24010		40	20				
	24012		40	12½				
	24014		15	7½				
	24016		17	8½				
	24018	Other	20	20				
	24020	Other	20	20				
		Wood veneer panels, whether or not face finished: Not face finished or with a face ply of certain non-African woods ^a :						
	24030							
	24050		40	20				
	24032							
	24052		40	12½				
	24034							
	24054		15	7½				
	24038							
	24058		17	8½				
	24036							
	24056	Other	20	10				
	24040							
	24060	Other	20	10				
Imports total	24018		98.2		44.15.10		6.6	
African	24010		1.0		44.15.90		0.3	
	to						10.4	
	24016;		25.0				4.1	
	24030		—					
	to							
	24060							

^a Spanish cedar (*Cedrola* spp.); Parana pine (*Araucaria angustifolia*); birch (*Betula* spp.); European red pine (*Pinus sylvestris*).

^b Pine; *Shorea negrosensis*; *Pentacme contorta*; *Shorea almon*; birch; Douglas fir (*Pseudotsuga taxifolia*).

47.01B/D/E/F/G — Pulp; soda, sulphate, and sulphite wood pulp; pulp other than wood pulp

48.01B — Paper, printing and writing

Ex 48.01C — Paper, kraft wrapping

48.07B — Paper, printing and writing, impregnated, coated, surface-coloured, or printed

The very large imports of wood pulp of the four main markets amount to \$1,020 million (1965). The EEC is the main importer, followed by the United States and the United Kingdom. Japanese imports are significant but relatively small. Africa has a share of less than 1 per cent of this trade, most of which is in the hands of the developed countries.

In the United States and the United Kingdom, imports of wood pulp are duty-free, and the EEC admits 1,935,000 tons duty-free under a tariff quota. In addition, the EEC has halved its duty of 6 per cent. Japan has maintained its rate of 5 per cent. Access to three of the main markets for the limited quantities so far available from African sources is thus reasonably assured. Imports of pulp other than wood pulp into the main markets amount to \$14.8 million (1965) and are almost entirely provided by the developed countries. Quantities from African sources are so far negligible. Duty-free access is afforded by all four markets.

Table 49B. Plywood and related products (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
44.15A	Containing no material other than wood or bonding material			44.15		20	15
44.15B	Other	10	15				
		20	10				
Both		MFN	C			0.2	—
		47.9	33.6				
		2.6	6.2				

^c Nigeria treated as an Associated State for these products within the limits of annual tariff quotas.

The combined value of the import trade of the four main markets in printing and writing paper of all kinds amounts to some \$183 million, most of which is in the hands of the developed countries. The African contribution to it is thus far negligible. The EEC is by far the biggest importer, and the United Kingdom and the United States import moderate amounts. Japan imports a negligible quantity. The EEC has reduced its rate of 16 per cent for plain papers to 12 per cent, and rates of 12 per cent, 14 per cent, and 15 per cent for special papers to 10 per cent, 12 per cent, and 12 per cent, respectively. The United Kingdom has marginally reduced its rate

of 16 2/3 per cent to 15 per cent. The United States has approximately halved its rates on all varieties, but Japan has retained its rate of 10 per cent on plain papers, while having halved its rate on the special papers, which are of minor importance. The effect of these concessions is that access is substantially improved only to one main market, the United States. Elsewhere, the rates remain relatively high.

African countries make only a negligible contribution towards the imports of kraft wrapping paper by the four main markets. This trade is largely in the hands of the developed countries. The EEC is

by far the largest importer. The pattern of duty concessions is similar to that for printing and writing paper. The EEC has reduced its duty of 16 per cent to 12 per cent, and the United Kingdom has reduced its duties of 13 1/3 per cent and 14 per cent to 10

per cent and 12 per cent, respectively. Japan has kept its duty of 15 per cent in fact, and the United States has halved its rate of 8.5 per cent. The United States again is the only market where real improvement of access is noticeable.

Table 50. Pulp and paper

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
47.01 B/D E/F/G - Pulp, soda, sulphate, and sulphite wood pulp; pulp other than wood pulp	25002	Wood pulp; rag pulp; other pulps derived from cellulosic fibrous materials and suitable for paper making	0	0	47.01.B.I	Soda and sulphate wood pulp	6[0] ^b	3[0] ^b
48.01B -					47.01.B.II	Sulphite wood pulp	6[0] ^b	3[0] ^b
Paper, printing and writing, machine-made, in rolls or sheets		Papers, not impregnated, not coated, not surface-coloured, not embossed, not ruled, not lined, not decorated:			47.01.C	Pulp other than wood pulp	0	0
Ex 48.01C - Paper, kraft wrapping, machine-made, in rolls or sheets	25267	Book paper and printing paper	(6.2)	(3.1)	48.01.C.II	Kraft wrapping paper	16	12
48.07B - paper, printing and writing, impregnated, coated, surface-coloured or printed, in rolls or sheets	25281	Sulphate wrapping paper, weighing over 18 lb./ream	8½	4	48.01.E	Printing and writing paper, n.e.s.	16	12
		Papers, impregnated, coated, surface-coloured, embossed, ruled, lined, printed, or decorated:						
		Printing paper: Not lithographically printed:						
	25446	Impregnated or coated	(15.1)	(7.3)				
	25448	Other	(18.4)	(9.2)				
	25450	Lithographically printed	(10.8)	(5.4)				
		Writing paper, weighing over 18 lb./ream						
	25456	Not lithographically printed	(14.1)	(6.7)				
	25458	Lithographically printed	(9.8)	(4.9)				
Imports ^a								
total	25002	(wood pulp)	324.9		47.01.B.I		401.1	
African			0.1		47.01.B.II		3.8	
		(other pulp)	1.8		47.01.C		8.3	
	25267)		—				0.6	
	25446)		17.3					
	25448)		—		48.01.C.II		212.0	
	25450)		—				—	
	25456)				48.01.E		141.5	
	25458)				48.07		0.4	
	25281)		8.4					
			—					

^a 1965.

^b Duty-free under tariff quota of 1,935,000 tons.

Special preferences would be an incentive to African countries to develop their future potential in paper manufactures. These rather than further reductions in duties would enable them to take over

some of the trade which is now almost exclusively in the hands of the developed countries, or at least to supplement this trade in order to meet the needs of increased future consumption.

Table 50. Pulp and paper (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
47.01A	Wood pulp	0	0	47.01.1	Wood pulp	5	5
47.01B/C	Other pulp	0 (6.8) 10	0 5 5	47.01.2	Other pulp	0 5	0 5
	Paper weighing not more than 220 gm./m ² :			48.01.2(2)	Printing, writing, or drawing paper, weighing more than 30 gm./m ² but not more than 300 gm./m ² .	10	10
48.01B1	{ Of sulphate cellulose fibre	13 1/3	10	48.01.3	Wrapping paper, weighing more than 30 gm./m ² but not more than 300 gm./m ² .	15	15
48.07A1							
48.01B2	{ Machine glazed	14	12	48.07.9	Printing, writing, or drawing paper, impregnated, coated, surface-coloured, or printed	20	10
48.07A2							
48.01B3c/d	Printing and writing	16 2/3	15				
48.07A3b/c							
		MFN	C				
47.01A		218.2	33.9	47.01.1		41.8	
		2.7	—			—	
47.01B/C		1.5	2.1	47.01.2		1.1	
		—	—			—	
48.01B1/2	{	78.3	20.5	48.01.2(2)		0.1	
48.07A1/2				48.07.9	—		
	{	—	—	48.01.3		—	
48.01B3c/d							
48.07A3b/c	{	18.6	5.2				
		—	—				

55.01 — Cotton, raw
 55.05 — Cotton, yarn
 55.09 — Cotton, other woven fabrics of

The combined value of the four main markets for raw cotton amounts to \$1,239.5 million. The EEC is the principal importer, accounting for just over one-half, followed by Japan and the United

Kingdom. All three markets are substantial importers from the United States, in the proportions of about one-third by the EEC and Japan and one-quarter by the United Kingdom. Thus, the United States is itself only a minor importer, although over 70 per cent of its imports come from Africa. The African share of the combined imports of the four markets amounts to \$196.8 million, about half that of the

Table 51A. Cotton and cotton yarn

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
55.01 - Cotton, raw		Cotton, not carded, not combed:			55.01.00		0	0
	30010	With staple of under 1 1/8 in.	0	0				
	30015	With staple of 1 1/8 in. or more but under 1 11/16 in.	3.5/lb. (8.1)	3.5/lb. (8.1)				
	30020	With staple of 1 11/16 in. or more	1.75/lb. (4.1) Q	1.75/lb. (4.1) Q				
Imports total Africa	30010			3.5				625.3
				0.1				127.5
	30015			16.2				
				15.3				
	30020			1.9				
				—				
55.05 - Cotton yarn, not put up for retail sale	30060	In chief value but not wholly of cotton	20	14½	55.05 -	Multiple or cabled, finished, put up on cards, bobbins, tubes, balls, hanks, of a maximum weight of 900 gm.	8	8
		Wholly of cotton:						
		Not bleached, not mercerized, not coloured, not combed, and not plied:						
	30101 to 30159	Nos. 1-59 ^a	4.725 to 17.755	3.4 to 12.68		Other: Measuring as single yarn 120,000 m./kg. or more:		
	30160 to 30198	Nos. 60 ^a or higher	5cts/lb. + 18	...	55.05 -	Put up as single yarn	8	4
		Bleached, mercerized, coloured, combed, or plied:			55.05 -	Other	8	6
	30201 to 302—	Nos. 1-200 or higher	Base ^b rate + 4½	Base ^b rate + 3½	55.05 -	Other	8	7
Imports total African	All			—	All			25.6
				—				8.6

^a Rate fluctuates according to the measurement of the yarn.

^b Base rates are those shown for items 30101 — 30198.

U.S. export share. All imports into the EEC and Japan and virtually all into the United Kingdom are duty-free. No tariff reduction action was taken by the United States, which also has quota restrictions. Its duties of 8.1 per cent a.v.e. covering about three-quarters of total imports and of 4.1 per cent a.v.e. covering about one-tenth of total imports were maintained. The remainder already entered duty-free.

Thus, for African trade the lowering of the import barriers in the United States is the only remaining objective.

The EEC and the United Kingdom import \$46 million of cotton yarn, mostly from the developed countries. Imports by the United States and Japan are negligible. The U.A.R. is the only African exporter to the main markets, the value of this trade

Table 51A. Cotton and cotton yarn (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
55.01A	Not bleached or dyed	0	0	55.01		0	0
55.01B	Bleached or dyed	10	5				
		MFN	C				
55.01A		138.1	22.5			432.0	
		18.1	7.1			28.7	
55.01B		—	—				
		—	—				
55.05A	Containing more than 5% of silk or man-made fibres or both	16 + 7½d/lb. of silk and man-made fibre ^c	13	55.05.1	Containing more than 10% of synthetic or acetate fibres	15	10½
				55.05.2(1)	Other: Sewing, embroidery, and lace threads	7½	5½
55.05B	Other	7½	7½	55.05.2(2)	Other	5	3½
		MFN	C	All		—	—
55.05A		0.2	—			—	
55.05B		8.7	11.4				
		0.6	—				

^c Commonwealth rate: 5/6 of the full rate.

Table 51B. Cotton fabrics

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
55.09 - Cotton, other woven fabrics of		Woven fabrics Wholly of cotton: Not fancy or figured: Not bleached and not coloured: Nos. 1-59 ^a	7.75	5.9	55.09.11	Containing at least 85% cotton: Weighing 165 gm./m. ² or less: Printed	15	13 ^c ; 14
	32001 to 32059 }		to 22.25	to 16.92	55.09.15	Other	14	13 ^c ; 14
	321—	Bleached but not coloured	Base ^b rate +2.5	Base ^b rate +1.9	55.09.19	Other	16	13 ^c ; 14
	322—	Coloured, whether or not bleached	Base ^b rate +4.5	Base ^b rate +3.8	55.09.90	Other	19	14 ^c ; 15
	323—	Not bleached and not coloured	Base ^b rate +2.5	Base ^b rate +1.9				
	324—	Bleached but not coloured	Base ^b rate +5	Base ^b rate +3.8				
	325—	Coloured, whether or not bleached	Base ^b rate +7	Base ^b rate +5.3				
	35910	Textile fabrics, of cotton, n.s.p.f.	20	15				
Imports total African	323—		0.5		55.09.11		4.6	
	320—		—		55.09.15		12.9	
	321—		—				0.3	
	322—		—					
	324—		—		55.09.19		62.1	
	325—		—				1.8	
	35910		0.8		55.09.90		3.4	

^a Rate fluctuates according to the measurement of the yarn.^b Base rates are those shown for items Nos. 32001-32059.^c The lower rate is for widths of less than 85 cm.

being about \$9 million. Imports are subject to quota restrictions under the Long-Term Arrangement on Cotton Textiles. The EEC split its 8 per cent rate according to the specification, which resulted in duties of 4 per cent, 6 per cent, 7 per cent, and 8 per cent. The United Kingdom took no action on its 7.5 per cent duty, covering nearly all its imports, but cut to 13 per cent its rate of 16 per cent + 7½d/lb. on silk or man-made fibres, which relate to its remaining imports, mostly from developed countries. The United States made reductions of about one-fifth on all its duties in a range of up to 14 per cent. Japan reduced its duties of 15 per cent, 7.5 per cent, and 5 per cent to 10.5 per cent, 5.5 per cent, and 3.5

per cent respectively. In general, limited reductions were made by three markets in nominal and effective duties applicable to imports from African countries. Access, however, continued to be limited by quantitative restrictions. Special preferences would enable African countries to develop their export trade in yarn, which is non-existent at present except for the U.A.R..

Developed countries supply about 55 per cent of the \$228 million of total imports of woven cotton fabrics by the four main markets. Imports from African countries by these markets amount to only \$3.2 million. The United Kingdom is the biggest

Table 51B. Cotton fabrics (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
55.09A1/2	Containing silk or man-made fibres	17½ +9d/lb. ^d	17½	55.09.1	With warp or weft of flax or ramie	25	17½
55.09B	Not containing silk or man-made fibres	17½ GQ ^e	17½ GQ ^e	55.09.2	With warp or weft of synthetic or acetate fibres	20	14
				55.09.3	Containing more than 10% synthetic or acetate fibres	15	10½
				55.09.4	Other	10	7
55.08.A1/2		MFN 3.7	C 0.9	All		3.0	—
55.09B		48.5 1.1	87.5 —				

^d On man-made fibre and silk content.

^e Does not apply to India or Hong Kong, with which there are separate bilateral agreements.

importer, accounting for more than 60 per cent of the combined imports. The EEC accounts for almost all the remainder, except for the very small import markets of Japan and the United States. The four main markets are also exporters in varying degrees. The United Kingdom abolished its additional charge of 9d/lb. on man-made fibre and silk content but maintained its basic duty of 17.5 per cent. The EEC divided each of three rates of 14 per cent, 15 per cent, and 16 per cent into two separate rates of 13 per cent and 14 per cent, the lower rate being applicable to widths of less than 85 cm. The remaining rate of 19 per cent, covering only a small proportion of imports, was divided into rates of 14 per cent and 15 per cent,

with the same width criterion of 85 cm. Japan cut its 10-25 per cent range of duties to 7-17 per cent. The United States also reduced its range of 7.75-22.25 per cent (plus the duty on raw cotton) to 5.9-16.92 per cent (plus the duty on raw cotton). The general result is an only limited reduction of nominal and effective duties, and access continues to be limited by the quota restrictions of the Long-Term Arrangement on Cotton Textiles. The prospects for greater participation in the trade of the main markets would be improved for African countries by special preferences. Developing countries elsewhere have already gained a large share of this trade in the United Kingdom by means of Commonwealth preferences.

Ex 57.04 — Sisal, raw or processed

62.03 — Sacks and bags, of a kind used for the packing of goods

Of total imports of \$81.3 million of sisal by the four main markets, the EEC is by far the largest importer with \$49 million, followed by the United Kingdom, the United States, and Japan. Imports of raw sisal were already duty-free into all the main markets except the United Kingdom. In the EEC and Japan, processed sisal was also duty-free. The United Kingdom abolished its rates of 10 per cent and 20 per cent on sisal, not carded or combed, and halved its rate of 10 per cent on sisal, carded or combed. The United States maintained its rate of 8 per

cent on processed sisal. While all the main markets are now duty-free for the raw product, only limited progress has been made in improving access for the processed variety.

Total imports by the four main markets of sacks and bags of all materials, used and unused, amount to \$22.9 million. The EEC is the main importer, followed by the United Kingdom. Japan and the United States import almost negligible quantities. The only main market importing from African sources is the EEC, but the quantity is relatively small at \$1.6 million, consisting mostly of used bags. The remaining quantity consists mostly of jute bags from developing countries in other regions. The EEC

Table 52. Sisal, sacks and bags

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
Ex 57.04 - Sisal, raw or processed but not spun	30446	Raw, waste, and advanced waste	0	0	57.04.00		0	0
	30448	Processed ^b	8	8				
Imports ^a total African	Both		13.8	3.6			49.0	30.9
62.03 - Sacks and bags, of a kind used for the packing of goods	38545	Of vegetable except cotton: Not bleached, not combed, and not inflammable	0.5cts/lb. +3 (6.4)	0.2cts/lb. +1½ (2.9)	62.03.11 62.03.19	Of jute: Used Other	11 23	8 15;19;20 ^d
	38550	Bleached, coloured, and inflammable	0.5cts/lb. +5½ (10.9)	0.25cts/lb. +2½ (5.45)	62.03.91	Used: Of flax or sisal	10[8] 19[15]	8 10
	38553	Of man-made fibres	25cts/lb. +30 (43.3)	12cts/lb. +15 (21.5)	62.03.93 62.03.99	Other	15 L(B) R(F)	13 L(B) R(F)
	38555	Other	20	14				
Imports total African	38545		0.2	—	62.03.11		3.8	1.2
	38550/53/55		—	—	62.03.19		10.7	0.4
					62.03.91		0.2	—
					62.03.93		0.1	—
					62.03.99		1.0	—

^a 1965.

^b Treatment further than drying, sorting, or grading.

^c Commonwealth rate: 5/6 of the full rate.

split its rate of 23 per cent on unused bags of jute into rates of 15 per cent, 19 per cent, and 20 per cent. On used jute bags, the rate was reduced from 11 per cent to 8 per cent. The rate of 10 per cent (8 per cent applied) on used sisal bags reduced to 8 per cent, while the rate of 15 per cent on unused sisal bags was reduced to 13 per cent. No action was taken by the United Kingdom, which retained its duties of 17.5 per cent to 33.3 per cent on varieties other than used jute bags. The latter were already at the zero rate. Japan similarly applies the zero rate to used jute bags, which constitute most of its imports. Its other rates of 23 per cent for unused jute, 20 per cent for synthetic fibres and sisal, 15 per cent for

cotton, and 15 per cent for other kinds were reduced to 20 per cent, 10 per cent, 10.5 per cent, and 7.5 per cent, respectively. The United States, whose imports consist mostly of unbleached and uncoloured bags, not of cotton, reduced the duty on this variety from 6.4 per cent a.v.e. to 2.9 per cent a.v.e.. Other duties of 10.9 per cent a.v.e. and 20 per cent were also reduced, to 5.45 per cent a.v.e. and 14 per cent, respectively. Access was thus improved to three of the four markets, the EEC, Japan, and the U.S. and effective protection of processing was reduced by varying degrees. On the other hand, the U.K., besides retaining high duty levels, still applies quantitative restrictions on exports from African countries.

Table 52. Sisal, sacks and bags (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			per-KR	post-KR
	Not carded or combed:			57.04.1		0	0
57.04A1	Containing more than 1/3 of man-made fibres	20 ^c	0				
57.04A2(h)	Other	10	0				
57.04B1/2	Carded or combed	10	5				
		MFN	C			3.4	
All		—	15.1			3.0	
		—	14.9				
62.03A	Used: Containing 85% or more of jute	0	0	62.03.1(1)	Of jute, used	0	0
				62.03.1(2)	Of jute, other	23	20
62.03B	Containing 20% or more of man-made fibres			62.03.2	Of synthetic fibres		10
		33.3	33.3	62.03.3(1)	Of sisal	20	10
62.03C	Containing more than 5% but not more than 20% of man-made fibres			62.03.3(2)	Of cotton	15	10½
	Other:			62.03.3(3)	Other	15	7½
62.03D1	Wholly of cotton and according to specific dimensions	25	25				
		17½	17½				
62.03D2	Other	20	20				
		Q ^e	Q ^e	62.03.1(1)		0.4	
		MFN	C			—	
All		0.1	6.4	All others		—	
		—	—			—	

^d Rate varies inversely with the weight of the fabric.

^e Quota applicable except on imports from India, Pakistan, and Ireland.

58.01 — Carpets, knotted

Imports of knotted carpets by the four main markets amount to about \$93 million. The EEC is the largest importer, followed by the United Kingdom and the United States. Japanese imports are insignificant. African suppliers are Algeria, Morocco,

and Ethiopia, but so far their share of this trade is very small, \$2.1 million. The EEC reduced its duty of 32 per cent on hair and wool carpets to 24 per cent, covering almost all its imports. It also halved its rates of 40 per cent (32 per cent applied) and of 24 per cent (19.2 per cent applied), covering all other kinds. The United Kingdom took no action on its

Table 53. Knotted carpets

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
58.01 - Carpets, knotted		Floor coverings of pile or tufted construction:			58.01.10	Of wool or fine hair	32	24
		In which pile was knotted during knitting or weaving:			58.01.20	Of silk, waste silk, man-made fibre, metallized yarn or thread, or metal thread		
		With pile hand-knotted:			58.01.90	Other	40[32] 24[19.2]	20 12
	36005	Over 50% alpaca, etc.	11 1/4	5 1/2				
	36010	Other: Valued not over 66 2/3 cts/sq.ft.	15 cts/sq.ft. (25.3)	7 1/2 cts/sq.ft. (12.65)				
	36015	Valued over 66 2/3 cts/sq.ft.	22 1/2	11				
Imports	36005		—	—	58.01.10		58.1	1.9
total	36010		0.1	—			0.3	—
African	36015		10.0	—	58.01.20		0.1	—
			0.2	—	58.01.90		—	—

rate of 4s.6d/sq.yd. (6.5 per cent a.v.e.), which covers most of its imports. Other duties of 42 per cent, 33 1/3 per cent, 25 per cent, and 20 per cent were reduced to 20 per cent, 30 per cent, 20 per cent, and 17.5 per cent, respectively. The United States reduced its duties of 11 1/4 per cent, 15cts/sq.ft. (25.3 per cent

a.v.e.), and 22.5 per cent to 5.5 per cent, 7 1/2cts/sq.ft. (12.65 per cent a.v.e.), and 11 per cent, respectively. Japan halved its duty of 30 per cent. Although there was general improvement in access to all markets, the duties remain relatively high in most cases.

Table 53. Knotted carpets (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
58.01.A1/2	Handmade: Containing silk or man-made fibres in specified amounts	42 25	20 20	58.01		30	15
58.01.A3	Other	4s.6d/sq.yd. (6.5)	4s.6d/sq.yd. (6.5)				
58.01.B1/2	Other: Containing silk or man-made fibres in specified amounts	33 1/3 25	30 25				
58.01.B3	Other	20	17 1/2				
58.01.A1/2		MFN 0.8	C —			0.1 —	
58.01.A3		14.6	8.3				
58.01.B1/2		—	—				
58.01.B3		0.2	0.1				

71.02 A — Diamonds, industrial

71.02 B — Diamonds, other

Industrial diamonds are imported by the four main markets in the value of \$115 million. The largest importer is the EEC, followed by the United States. African countries supply almost one-seventh of the total requirements of these markets. Imports of unworked stones were already duty-free on entry

into the EEC, whether industrial or otherwise. Unworked industrial stones were duty-free in the United States and Japan. The EEC reduced its rates of 4 per cent and 8 per cent for worked industrial stones to 3.5 per cent and 4 per cent, respectively. The United States halved its rate of 15 per cent for advanced industrial stones. Japan likewise halved its two rates of 15 per cent and 5 per cent for worked industrial stones. In the United Kingdom only stones

Table 54. Diamonds

Product and Imports	United States				EEC			
	Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
			pre-KR	post-KR			pre-KR	post-KR
71.02A - Diamonds, industrial		Industrial diamonds, natural or synthetic, whether or not advanced in condition or value from their crude state by cleaving, cutting, lapping, sawing, or other process, but not set and not suitable for use in the manufacture of jewellery:			71.02A	Unworked, cut, or otherwise worked, but not mounted, set, or strung: Unpolished or simply cut, cloven, or roughly polished	0	0
71.02B - Diamonds, other		Synthetic:			71.02BIa	Other: Industrial: Piezo-electric quartz	4	3½
	52019	Miners'	0	0	71.02BIb	Other	8	4
	52021	Other	15	7½	71.02BII	For other uses	0	0
		Natural:						
	52023	Miners'	0	0				
	52027	Crushing borts	0	0				
		Other:						
	52029	Not advanced	0	0				
	52031	Advanced	15	7½				
		Diamonds, cut but not set and suitable for use in the manufacture of jewellery:						
	52032	Not over ½ carat	8	4				
	52033	Over ½ carat	10	5				
Imports ^a total	52019 to 52031		45.5		71.02BIa/b		64.7	
African	52032/33		7.6 ^b		71.0A/BII		7.8 ^d	
			308.1				319.0	
			17.5 ^c				7.0 ^e	

^a 1965.

^b South Africa, 8.8.

^c South Africa, 21.5.

^d South Africa, 1.2.

^e South Africa, 23.2.

for certain specified industrial uses are dutiable, and the rates for these were also halved. There was thus considerable improvement in access to all four markets for those stones subject to duty, which are generally those in a worked condition.

The United Kingdom is the leading importer in the total imports of \$1,150 million of gem diamonds. The EEC and the United States take up most of the remainder. African countries show a

similar share of the market as in the case of industrial diamonds, supplying somewhat less than one-seventh of the total. Imports of gem stones in all conditions into the United Kingdom and the EEC were already duty-free. The United States halved its rates of 8 per cent and 10 per cent. Japan halved its rate of 5 per cent. Therefore, there has been a noticeable improvement in access to the two markets which still apply duties.

Table 54. Diamonds (cont'd)

United Kingdom				Japan			
Tariff No.	Description	Rates of duty		Tariff No.	Description	Rates of duty	
		pre-KR	post-KR			pre-KR	post-KR
	Unworked, cut or otherwise worked, but not mounted, set, or strung:				Unworked, cut, or otherwise worked, but not mounted, set, or strung:		
71.02A	For use in wire-drawing dies	20	10	71.02.1(1)	Not polished, perforated, or similarly worked: Industrial	0	0
71.02B	Piezo-electric quartz	10	5	71.02.1(2)	Rock crystal	0	0
71.02C	Other	0	0	71.02.1(3)	Other	10	5
					Other:		
				71.02.2(1)A	Industrial: For wire-drawing	15	7½
				71.02.2(1)B	Other	5	2½
				71.02.2(2)	Other	10	5
71.02A/B		MFN	C	71.02.1			
71.02C		=	=	(1)/(2)		5.2	
		222.4	274.1	71.02.2		0.2 g	
		42.4	85.8 f	(1)A/B			
				71.02.1			
				(3)		26.5	
				71.02.2		— h	
				(2)			

^f South Africa, 177.5.

^g South Africa, 0.3.

^h South Africa, 3.0.

SUMMARY

This survey has covered 59 classes of products by the headings of the Brussels Trade Nomenclature. They form 21 groups of related commodities, semi-manufactures, and manufactures. For 18 of these products, unimpeded access to the four main markets is already reasonably assured for African exports, either as a result of general abolition, reduction, or suspension of duties before or after the Kennedy Round or through the existence of preferences. The remaining 41 items are now listed as a guide to African countries on such further action as may be required to help towards increasing their earnings from exports. Reference should be made to the textual commentary for more detailed information.

<i>Group</i>	<i>BTN</i>	<i>Product</i>	<i>Table</i>	<i>Objectives</i> ³
Meat and fish	02.01A	Meat, bovine, fresh, chilled, or frozen - - -	34	DD (all)
	Ex 16.02	Meat, prepared or pre- served (selected meats) - - -	34	SP (all) EQ (Japan)
	03.01	Fish, fresh, chilled, or frozen - - -	35A	DD (all)
	03.03	Shellfish, fresh, chilled, frozen, salted, boiled - - -	35A	DD (all)
	Ex 16.04	Fish, prepared or preserved - - -	35B	SP (all)
Fruit	08.01A	Bananas, fresh - - -	36A	DD (EEC, U.K., Japan) EQ (EEC, U.K.)
	Ex 08.02A	Oranges - - -	36A	DD (U.S.A., EEC, Japan) EQ (EEC, Japan)
	Ex 08.02B	Grapefruits - - -	36A	DD (Japan) EQ (U.K., Japan)
	Ex 20.06	Fruit, otherwise prepared or preserved - - -	36B	SP (all) EQ (EEC, U.K., Japan)
	20.07	Fruit juices - - -	36B	SP (all)
Coffee	09.01	Coffee, raw or roasted - - -	37	DD (EEC, U.K., Japan) EQ (Japan) ET (Japan, [F], [G], [I])
	21.02	Coffee extracts, essences, etc. - - -	37	DD (EEC, U.K., Japan)
Tea	09.02	Tea - - -	38	DD (Japan) EQ (Japan) ET ([F], [G])

³ Code: () = markets
DD = decrease of duties
ED = elimination of duties
EQ = elimination of quantitative restrictions
ET = elimination of internal taxes
SP = granting of special preferences

<i>Group</i>	<i>BTN</i>	<i>Product</i>	<i>Table</i>	<i>Objectives</i> ³
Oil seeds, vegetable oils, etc. Ex	12.01	Groundnuts - - -	39A	DD (U.S.A.) EQ (U.S.A., Japan)
	15.07	Vegetable oils - - -	39B	DD (all) EQ (U.S.A., EEC, Japan)
	23.04	Oil cake - - -	39B	DD (U.S.A., U.K.) EQ (Japan)
Sugar	17.01	Sugar - - -	40	DD (EEC, Japan)
	17.04	Sugar confectionery - -	40	SP (all)
Cocoa and chocolate	18.01	Cocoa beans - - -	41	ED (EEC) ET ([F], [I])
	18.03	Cocoa paste - - -	41	ED (EEC, Japan) ET ([F], [I])
	18.04	Cocoa butter - - -	41	ED (EEC) ET ([F], [I])
	18.05	Cocoa powder - - -	41	ED (U.S.A., EEC, Japan) ET (Japan, [F], [I])
	18.06	Chocolate - - -	41	DD (EEC, U.K., Japan) EQ (Japan)
Vegetables Ex	20.01 } 20.02 }	Vegetables, prepared or preserved - -	42	SP (all)
Metals Ex	73.01	Pig iron, etc. - - -	44	SP (all)
	76.01	Aluminium, unwrought -	46	DD (Japan)
Petroleum oils	27.10	Petroleum oils, other than crude -	47	EQ (Japan, [B], [F], [I])
Leather	41.02	Leather, bovine - - -	48B	SP (all)
	41.03	Leather, sheep and lamb skin - -	48B	SP (all)
	41.04	Leather, goat and kid skin - - -	48B	DD (U.K., Japan) EQ (Japan)
	41.05	Leather, other - - -	48B	SP (all)
	Ex 64.02	Leather footwear - -	48C	SP (all) EQ (Japan)
Wood	44.15	Plywood, etc. - - -	49B	SP (all)
Paper	48.01B 48.07B	Paper, printing and writing - - -	50	SP (all)
Cotton	55.01	Cotton, raw - - -	51A	EQ (U.S.A.)
	55.05	Cotton yarn - - -	51A	SP (all)
	55.09	Cotton, woven fabrics -	51B	SP (all)
Sacks and bags	62.03	Sacks and bags - - -	52	DD (EEC, U.K.) EQ (U.K.)
Carpets	58.01	Carpets, knotted - - -	53	DD (EEC, Japan)

Chapter 6

ADVISORY PAPER: TRADE — SPECIAL MEASURES — THE FOOD PROBLEM

TRADE QUESTIONS AT UNCTAD II

The analysis of the recent trends and the current situation in African trade with the rest of the world suggests a number of conclusions regarding the objectives which the African countries should pursue in discussions and negotiations on international trade policies. With respect to the questions on the agenda for negotiation within the framework of UNCTAD II, the following main positions were offered:

1. General aspects of commodity policy

Recent discussions on particular arrangements and techniques for dealing with commodity problems have tended to obscure the over-all need for a reorganization of the present system of international commodity marketing. This reorganization is needed in order to stabilize the commodity markets and to assure to the developing countries an adequate participation in international commodity trade at remunerative prices. Behind these discussions stands the whole network of interests in international commodity trade as presently organized. Any attempt to make a wholesale replacement of the present system with a new one would probably not be feasible or acceptable. However, extensive modification and adaptation of the present institutions and instruments for international commodity trade should not be beyond the possibility of international policy.

The need for reform of the international commodity marketing system has been accepted in principle by certain of the more advanced countries, notably France and the socialist countries. For the African region, which will continue to depend upon the trade in primary commodities for the bulk of its export earnings for a long time to come, it would be profitable to seek a more general acceptance of this principle during this phase of international discussion in the hope that at a subsequent period practical action may be initiated to implement it. In commodity trade this is the revolution which would parallel the radical change represented by the recent acceptance of the United States to consider the feasibility of instituting a general system of preferences in the field of exports of manufactures and semi-manufactures for the benefit of the developing countries.

In principle progress towards a reform of international commodity marketing ought to be easier to attain than progress on the question of preferences for exports of manufactures and semi-manufactures. This is because most of the more advanced countries, as well as some developing countries, have long experience of national and international policies designed to stabilize conditions and to improve the returns to effort in the primary-producing sectors of their own economies. To a certain degree, this fact is in itself an impediment to progress towards a reform of the international commodity marketing system, because of the conflicts among various national interests which have been built up in the process of stabilizing domestic primary-producing sectors in individual countries. Even so, for a large number of commodities, including all the tropical products which represent the major export interest of the developing countries of Africa at present, this consideration does not arise. A reform of that segment of the international commodity system would therefore represent a feasible and important objective of the African countries in their approach to these negotiations.

It is not likely that any general formula on the means of implementing such a policy can be agreed on immediately or be universally applicable. On the contrary, an excessive concentration on such operational details could obscure the approach towards a general commitment by all the parties concerned to change the present organization of commodity markets. The African countries could profitably aim at securing:

- a) an agreed declaration on the need for the reform of the international commodity trade system in favour of the export interests of developing countries, spelling out the general principles which should guide commodity agreements made for this purpose;
- b) an agreement by the developing countries to support a programme to carry out the reform initially on tropical products and their first-stage derivatives;
- c) a commitment to try to carry out this limited programme of reform within a specified period, such as five years.

This last provision is of particular interest, because previous agreements to act on commodity problems did not have target dates for their implementation and, partly as a consequence of this, have had little practical result. Also, despite the wealth of existing experience in the field of commodity market management, no systematic and concentrated effort has been made, such as led finally to agreement even in the difficult field of international monetary reform. Those of the more advanced countries which have professed their acceptance of the need for reorganization of international commodity marketing have therefore not been able to offer their leadership within a strong international context.

2. African exports of agricultural primary commodities

a) *Commodities which compete with similar products from developed countries*

The main commodities here are oils and oil seeds, vegetables and fruits, grains, meat, sugar, and cotton. Exports of these are generally impeded by quotas on imports or subsidies for domestic producers in developed countries, or often both. What is required in the immediate future is an increase in the quotas open to African exporters of these commodities, preferably to be achieved by a net increase in the global quotas of imports allowed into each market.

Some protectionist devices used by the more advanced countries are ostensibly meant to smooth out the process of transition from domestic to foreign sources of supply in meeting their requirements. However, where protection is supposed to be a transitional device, there is no clear commitment on the period of transition. Many countries aim at freezing at a certain minimum level of national or regional self-sufficiency in these products. In addition, there has been some tendency to increase the degree of self-sufficiency.

The negotiations under UNCTAD could therefore aim at:

- i) fixing binding levels of output which are to be protected in the developed countries;
- ii) allocating fixed percentages of the demand to be filled by developing area suppliers within the global import quotas;
- iii) fixing target dates or periods within which the quota systems themselves will be dismantled so that developing countries can compete for the available markets without restriction.

b) *Commodities which do not compete with products of advanced countries*

These are generally the tropical products, cocoa, coffee, hardwood lumber, tea, rubber, and sisal.

For these commodities the principal problems to be overcome are those of market instability and the effects of domestic charges of various sorts which inhibit the increase of consumption in the developed countries.

i) *Stabilization*

The International Coffee Agreement for the present assures reasonable stability in the coffee market. The hope that a cocoa agreement would be signed before the second session of UNCTAD was ended when the United Nations Cocoa Conference suspended its meeting at the end of December 1967 without reaching agreement. There appear to be two outstanding issues. On the one hand, a link obviously exists between the solutions found to certain issues in a cocoa agreement and similar problems in other commodity agreements, such as the International Coffee Agreement, the second term of which is still being re-negotiated. On the other hand, more general trade problems, such as the question of special preferences, are given priority by some of the interested parties, who would like to start dealing with them within individual commodity agreements. However, it should be possible for the African and other producing countries to agree to shelve the latter issue until there is agreement on the principles of a broader and more comprehensive international scheme to compensate countries losing because of special preferences. In the present impasse on cocoa the old questions of the contributions of producers and consumers to the expenses of a buffer stock operation and of the disposal of long-standing surpluses also seem not to have found a solution. That consensus which was attained on the fundamental problem of the price range seems to indicate that an international cocoa agreement will be achieved as soon as the political situations and balance of payments positions of certain consuming countries will improve. Some African countries could benefit from a revival of effective international arrangements to protect trade in tea, rubber, and sisal. The problems to be solved on tea are similar to those affecting coffee and cocoa.

The depression and extreme instability which have characterized trade in rubber and sisal contrast sharply with the experience of the manufacturing industries producing synthetic substitutes for these natural commodities. This situation is likely to continue over the longer run, given the technological conditions in those fields. The approach required is to find some means to smooth the decline in the share of these natural products in the total market on a basis similar to that applied to agricultural products in developed countries which face competition from products of developing countries. Additionally, domestic measures are required in African and

other developing countries to reduce costs of production, so that market forces can contribute their due share to the array of measures for stemming the trend of a relative decline in the consumption of these natural products.

ii) Internal charges and duties

The agreements under GATT and UNCTAD I to abolish fiscal duties and charges on manufactured goods deriving from tropical primary products did not have any target dates attached to them, and in the majority of the highly developed countries they have not as yet been implemented. In light of the time that has already elapsed since the agreements were made and the relative unimportance of these charges in the fiscal systems and balance of payments policies of most of the advanced countries involved, it would not be unreasonable to aim at securing a commitment to abolish all such charges by 1970.

3. African exports of metals and ores

African exports of metals have tended to grow at a substantially slower pace than exports of ores. For certain products, such as copper and iron ore, considerable market instability has been experienced. For many metals and ores, producers in the more advanced countries have gained the market for most of the increases in world demand.

The outlook for an increase in African earnings through increased exports of metals in place of ores depends upon the effects of the policies of both African and overseas governments on the investment decisions of major international corporations. An important negative example is the recent reduction of the privileges enjoyed generally by international corporations in the United Kingdom and the attempt to establish local facilities for aluminium production there with substantial government support in order to supplant foreign sources of supply, including African sources.

The recent experience in the copper market, which is of great importance to African exports, contrasts markedly with the stable conditions in the market for aluminium, which is the principal competing product. The difference is patently bound up with the maintenance of a traditional system of copper marketing in contrast with the more organized system of aluminium marketing. The principal copper-producing countries, including Zambia and Congo (Kinshasa), have taken the first steps towards concerted policies in this industry. The objective must be to obtain some indication as to what contribution the governments of the more advanced countries would be willing to make towards the achievement of greater stability in the copper industry. For this purpose the African countries could propose the calling of an international conference on copper.

The International Tin Agreement demonstrates the feasibility and usefulness of international commodity agreements. Producing countries which joined it rather reluctantly at a period of high prices have benefited from its being brought into play soon afterwards to shore up a falling market.

4. Exports of manufactures and semi-manufactures

The more advanced countries generally maintain tariffs on manufactures and semi-manufactures which are characterized by substantial escalation and hence are an obstacle to the prospects for African industrialization. These tariffs constitute a very high rate of taxation by developed countries on the value added in the processing industries of the developing countries. The principal objective of the African countries should be to secure a reduction of the high tariffs on manufactures and semi-manufactures.

For both mineral-based and agricultural-based semi-manufactures, the reduction or abolition of the existing duties in the United States, the United Kingdom, and the EEC would create substantial opportunities for economic development in African countries. The value of these concessions would be greater if removal of the tariffs was on a preferential basis, so that processing industries in developing countries would possess an advantage compared with similar processing industries in more advanced countries as regards their export sales. Even without such preferences, dismantlement of the tariffs on semi-manufactured goods which African countries now export or could readily produce for export would represent a substantial gain.

In general the tariffs levied on manufactured goods by most developed countries represent a further escalation of trade barriers beyond those facing the corresponding semi-manufactures. Despite the outstanding success achieved by the Kennedy Round in reducing tariffs on manufactures, most items affected are not those in which developing countries are the actual or potential major suppliers. Thus, the objective of the African countries in these further discussions should be to secure a new round of tariff reductions concentrated on export items of interest to Africa and other developing regions.¹

The present round of tariff reductions was achieved by GATT processes of negotiation, which are based on the exchange of reciprocal concessions of approximately equal value by the principal exporters of various commodities. African and other developing countries cannot offer concessions for the desired reductions in the tariffs facing export items of interest to them without virtually destroying most of their young industries or preventing such industries from being established in the future. The demand for a reduction in tariff duties on African exports is therefore to be presented in the form of a demand for unilateral tariff reductions by the advanced countries

¹ See Chapter 5.

without reciprocal concessions on the part of African countries.

For the group of manufactured products which are derived from tropical agricultural products and for which there are no direct substitutes produced in the more advanced countries, it would be reasonable to set an early target date for such unilateral removal of duties. In many cases 1970 would be a reasonable target. For the manufactured goods deriving from African primary products which compete with similar products in the more advanced countries and on which tariff reductions have not already been achieved under the Kennedy Round, a more distant target date could be aimed at, for instance, 1975.

For manufactured goods on which adequate tariff reductions were negotiated in the Kennedy Round, the main question which arises is whether any special advantages will be given to developing countries in the application of these reductions. Also, the Kennedy Round left certain of the most important African export items facing rates of tariff duty which constitute a significant barrier to trade, especially for new manufacturing enterprises, which would be characteristic of African development.

Two particular issues on which African countries will want to see progress are impediments to trade in the Japanese market and international arrangements concerning trade in textiles. Non-tariff restrictions are applied more extensively in Japan on products which African countries already export or could easily develop for export than in any of the other major markets for African products. Partly as a consequence of this, Africa has persistently run large trade deficits with Japan, which have had to be financed through export surpluses with other convertible currency areas, especially since credits from Japan have been less available than from other trading partners.

Some African countries have a share in the existing international quota system applied by the more advanced countries to keep out textiles produced by developing countries. The result of the Kennedy Round in this field was largely to confirm these protectionist arrangements for a further period. While for African countries already established in the textile trade conditions may not have worsened, for a number of others, in particular the cotton-producing countries in sub-Saharan Africa, these arrangements constitute a denial of what could be an important means of industrialization and of increasing export earnings. It would therefore be advisable to seek through UNCTAD a workable method of having this question reopened at an early date.

The African region, in co-operation with the other developing areas, should aim at making the UNCTAD discussions and negotiations the occasion for starting a post-Kennedy Round process of trade liberalization designed specifically to promote the trade of developing countries. The traditional re-

sources and procedures under GATT have yielded outstanding results in liberalizing trade among countries at a level of development well suited to these traditional arrangements. However, other methods are required to solve the trade problems of the developing countries, especially methods which avoid the obstacles of reciprocity and the principle of most-favoured-nation treatment.

5. Preferences for the exports of developing countries

As indicated above, the lowering of duties on the exports of manufactures and semi-manufactures of interest to African countries by the major trading areas would represent a substantial gain to the prospects for development in these countries. In most cases the reduction of duties on a preferential basis in favour of exports from Africa and other developing regions would represent a substantial further advantage. Sometimes the enjoyment of such preferential advantages would make the difference between the ability or the inability of enterprises in the African countries to compete in export markets, since they start from a disadvantageous position with respect to other determinants of production costs, such as efficiency, capital and managerial services, transport, commercial services, etc.

The terms of the resolution on this question adopted at UNCTAD I foreshadowed the granting of such preferences on all imports of manufactures and semi-manufactures into the markets of the developed economies from the developing countries. It is now being widely suggested that the granting of preferences be considered partly in terms of the application of the tariff reductions negotiated under the Kennedy Round at a faster pace for exports from developing countries than for similar exports from more advanced countries. The 24th session of the Contracting parties to GATT had very little to say on advance application of Kennedy Round tariff cuts on products of interest to developing countries. Developed Contracting parties were only "urged to take broadest possible action having regard however to the effects of such action on the interests of developing countries at present benefiting from preferences." As indicated above, these Kennedy Round reductions have been achieved on a selection of manufactures and semi-manufactures which are primarily of interest to the principal negotiating countries. They will apply to products many of which can be produced only in relatively large and technologically more advanced economies. A few developing countries with relatively more advanced industries could gain substantially from such a programme of rapid application of Kennedy Round concessions.

This way of starting to implement a policy of preferences might have some significance for a number of products of interest to African countries,² particularly if the advance removal of the few tariff

² See Summary, Chapter 5, page 126.

concessions made, for primary commodities were also included in such a system of preferences. It must be borne in mind, however, that the application of the Kennedy Round reductions between the developed countries is to be completed within five years. Therefore, any programme for their advance application with respect to the exports of developing countries, however general and rapid, will give them advantages for only a limited period. During this five-year period, few, if any, investments in new production capacity could be established to take advantage of the preferential position and then be amortized. Besides, the margin of tariff preferences would itself be a steadily diminishing margin as the global application of the Kennedy Round reductions is put into effect. Therefore, in addition to whatever advantage might be obtained through the implementation of the recent tariff agreements, the African countries should join in the search for the establishment of a new list of items on which tariff reductions would be granted different from, or at least additional to, the items involved in the Kennedy Round reductions.

The question whether this search should be conducted under the auspices of UNCTAD or GATT is in essence a diversion from the real issues. The same countries are involved among both the developed and the developing countries in both institutions, and the commitments that are made must be decided by the same governments. The real issue here is that a system of tariff preferences must be implemented by the more advanced countries on a basis of non-reciprocity from the beneficiary countries and without automatic extension to other developed countries of the concessions. Once these principles are accepted, the basic rules of GATT, which have hindered the full participation of developing countries in the benefits of the post-war liberalization of world trade, will have been changed. This is the real concession at which Africa and the other developing regions should aim.

The African countries should stand with other regions on the position stated in the UNCTAD I resolution to try to find the means for all developed countries to grant tariff preferences on a non-reciprocal basis to all manufactures and semi-manufactures exported by developing countries. For items on which tariff reductions have been agreed under the Kennedy Round as well as for items not affected by such reductions, this approach means searching for a practicable method of applying a parallel set of tariff cuts for the benefit of developing countries. Since the main criterion would not be balancing advantages between trading partners but facilitating the exports of developing countries, it would be necessary to seek a maximum coverage of such tariff cuts, i.e., a minimum of exceptions, as well as the reduction of the preferential rate to zero, wherever possible, to give the industries of developing countries the maximum chance to compete with domestic industry in the markets of each developed country.

There is general consensus that the more advanced countries should have ample flexibility in the application of such a programme of preferential tariff reductions so as to avoid too sudden disruptions in their domestic industry or their balance of payments positions. The more general the system of preferences, the greater will be the number of safeguards necessary for acceptability. However it should always be clear that these exceptions and even reversals of tariff reductions are temporary measures. If possible, the scheme should have an agreed date, for instance, 1975, when the granting of preferences should be completed. Otherwise, the scheme could be rendered ineffective. Likewise, any attempt to categorize developing countries or industrialized countries into different classes and to evolve different systems of preferential tariff reductions for each class would lead the whole process of negotiation and implementation into impossible technical and administrative complications.

A second issue in the present search for a means of applying preferences is how to merge the new system of preferences with already existing schemes, so as to avoid the granting of preferences by developed countries to certain developing countries and not to others and an eventual application of different margins of preference. The main problem here is how to avoid discrimination in favour of some African countries in the markets of the EEC as compared with exporters of similar products in non-associated African countries and in other developing countries.

Since as a rule the common external tariff of the EEC on primary commodities supplied by both associated and non-associated countries is already fairly low (though with a number of important exceptions), the principal benefit of the preferential position consists of the possibility which it opens for associated countries to develop exports of manufactures and semi-manufactures under more favourable conditions, and hence much faster, than other developing countries. It has to be borne in mind, however, that in many of these lines of trade domestic manufacturers in the EEC rather than producers in neighbouring African or other developing countries are the main competitors for the prospective new industries in the associated countries. Such domestic producers in the EEC areas are, of course, not affected by the existence of the preferential tariff. Consequently, the value of the potential advantage could easily be over-estimated. However, in considering possible modifications in their present position, African countries must weigh the compensatory advantages which may be offered, such as preferential access to the markets of North America, the EFTA countries, and Japan, which together may offer much greater opportunities for trade than the EEC.

Exports of manufactures and semi-manufactures, from the associated countries to the EEC increased at a noticeably more rapid pace than exports of similar products from non-associated African coun-

tries in the period 1960-1965, certainly in part as a response to the preferential advantages enjoyed by the associated countries. Such preferences have been applied for a relatively short time in the EEC countries which were not formerly metropolitan powers. It is not suggested that the countries of the EEC should remove the preferences in the field of manufactures and semi-manufactures enjoyed by the associated African countries and apply to them as well the common external tariff of the EEC. Rather, the main interest of the other countries is that tariffs applied on competing exports supplied by their industries also be reduced and eventually removed altogether by the EEC countries, which form a very important part of world markets. The associated African countries had already agreed at UNCTAD I that such a general tariff reduction by the EEC countries in favour of other developing countries would be acceptable to them if at least equivalent advantages could be provided for the loss of this one element of preferential advantage in their prospects of economic development.

Such compensation would only partly take the form of assistance to enable export industries in the associated countries to compete with similar industries in non-associated countries. For associated and non-associated countries in Africa, there is no presumption that such industries in the former are less efficient than corresponding industries in the latter. The compensation sought would therefore consist principally of general development assistance to strengthen infrastructure and production of the associated countries. In particular, measures are required which expand the capacities for the production of manufactured goods in the associated countries, both for domestic consumption and for export. In the meantime, it would be justifiable if the demand was made that the existing export markets of the associated African States in the EEC be protected by exempting them from the application of any quotas which the EEC might impose on exports from developing countries of any manufactured and semi-manufactured goods on which duties might eventually be removed or reduced. Such exports from the associated African States would then continue to enjoy duty-free entry into the EEC in unlimited quantities.

The question of granting preferences to all developing countries on their exports of primary commodities raises more difficulties in the case of those primary products which have suppliers in other developing countries as the main competitors for suppliers in the associated African member States. Any acceptable solution must obviously start with some strong provisions for protecting the existing interests of the associated countries, which are much more substantial than in manufactures and semi-manufactures. One solution might be, for instance, to guarantee the associated countries a certain quota based on their recent average sales to the EEC market, while the reduction of the common external tariff

was being made in favour of the other developing countries.

The speed of transition is the essence of the problem. Whether applied to general national development or to special programmes for diversifying the primary production base of their economies, the flow of developmental resources to the associated States has tended to be quite modest in recent years. Certainly, it has been nowhere near the amount which would be regarded as equivalent compensation for a loss of tariff preferences, since these, with the addition of various quota devices, amount to a virtual monopoly over large segments of the EEC market for some products. In this area, discussion of the trade issues cannot be separated from discussion of the financial questions on the UNCTAD agenda if an acceptable solution is to be found.

6. Trade between African countries and socialist countries

The promise held out at UNCTAD I for an increase in such trade was based on the belief that the socialist countries would do certain things:

- a) trade in primary commodities with African and other developing countries on a more remunerative and stable basis, e.g., by concluding long-term agreements to purchase primary commodities at stable prices;
- b) assure exports of semi-manufactures and manufactures from African and other developing countries into their markets by granting the necessary import allocations and the conclusion of long-term contracts;
- c) in particular, facilitate the development of such industries by assuring them export outlets to pay for the capital which socialist countries might lend to African and other developing countries for the establishment of such industries.

While many trade agreements have been signed by the socialist and African countries, some specifying fairly precise targets for shipments of various commodities and most of them representing an increase in the average purchases of such commodities by the socialist countries, very few have implied the payment of higher than world market prices, whether on the average or on purchases made at the bottom of the price cycle, or even to have assured to an African country stable prices for its primary commodity exports over the course of any one crop year.

The probability is that the socialist countries will continue to organize their imports of primary commodities, manufactures, and semi-manufactures from African and other developing countries by means of bilateral trade agreements. It is in the interest of the African countries that the socialist countries be requested to introduce some clauses on

price stabilization into such bilateral agreements. One possible method of implementing such an undertaking would be to institute a system whereby, after a given trading period, the accounts reflecting the exchanges could be adjusted so that the payment by the socialist country would be not less than an agreed floor price, irrespective of the prices at which individual contracts have actually been concluded during the course of the trading period. Additionally, it could be arranged that from one year to the next such floor prices should not vary by more than a given percentage.

It is generally considered that recent internal changes in the methods of planning and economic management of some socialist countries could have the effect of making their tariff duties a more important regulator of imports than they have been hitherto. Therefore, African countries have an interest in keeping the question of tariffs in the socialist countries on the UNCTAD agenda with a view to obtaining preferences for the exports of developing countries or, alternatively, a general lowering of the tariff wall.

7. The financing of buffer stocks

This problem has emerged as a major stumbling block to action in the marketing of primary commodities, for instance, in the recent negotiations for an international cocoa agreement. The essential point is that primary commodity stocks are at present held in large quantities, primarily with the aid of ordinary commercial banking credit in the more developed countries plus the private capital of specialist dealers in the commodity markets as well as ordinary manufacturers who use these commodities. A solution which tries to bypass the resources of the commercial banking system, especially in the major Western markets for primary commodities, would create exceptional and possibly unnecessary difficulties.

Some recent discussions of this question have been impeded by the assumption that the present sources of credit for financing stocks of primary commodities will no longer be available or, if available, should not for some reason be used in international buffer schemes. Instead, concentration has been placed on diverting a proportion of the available international financial assistance to commodity stocks, which would anyway be difficult to accomplish in the present situation where foreign aid as a whole is tending to decline, or on persuading multi-lateral financial agencies to undertake the function of buffer stock financing, which they seem very reluctant to do.

The African countries might propose a new approach, starting with the assumptions that financial resources for holding the world stock of primary commodities already exist, that they will probably continue to be available whatever the system of com-

modity marketing in force, and that under present circumstances the best chances of success in solving the problem of buffer stock financing might be in making this financing available to the international community on the same basis as it is now available to private borrowers.

The actual costs to be covered in any financing scheme for buffer stocks consist of:

- a) storage costs, including the cost of the capital locked up in the stored commodity and charges for physical services towards the preservation of the stocks, and
- b) possible losses through the buffer stock operation, if during a period of declining prices it is called upon to moderate the fall in prices by buying commodities at the top or middle of the price curve, which it then has to resell at the bottom of the trough, though obviously such a sales policy would defeat the very purposes of the buffer stock operation.

The physical stock of commodities itself represents the most important collateral against which the present financing of commodity stocks is provided by the commercial banking system. The internationalization of the stockholding operation would make no difference to this central element. If the buffer stock manager were allowed access to the commercial banking system at the various financial centres concerned, then the problem for governments participating in an international commodity agreement would be reduced to an agreement on how to share the cost of financing and what kinds of guarantees to place behind the borrowing of the buffer stock manager from the commercial banks.

As concerns cost-sharing, since the operation of a buffer stock scheme is economically meaningless except on the assumption that its effect will be to raise earnings on the whole crop above what would have been earned without a buffer stock system, it follows logically that the cost of operation can be met out of the increased earnings on that portion of the total output of the commodity which is actually sold for consumption. Whether, and to what extent, governments of consuming countries would make a contribution towards financing would involve a political arrangement which would affect the value of the membership of these governments in the international commodity schemes. It should also determine the degree of influence which they would be able to exercise over the policies of the buffer stock scheme. In the extreme case, the producing countries by themselves could establish buffer stock corporations to intervene on the markets in their favour, without the financial support of consuming countries. Such support is, however, preferable in order to assure that the working of commodity agreements is not excessively bent to the disadvantage of consumers and to the ultimate disadvantage of producers themselves through its effects on consumption. It is also to be recognized that the major

financial powers, if they were opposed to a buffer stock scheme, could undermine it by denying the buffer stock manager access to sources of ordinary commercial financing within their territories.

In general, as indicated above, a buffer stock scheme properly managed should make a profit rather than a loss, since it would be expected to buy at the bottom and sell at the top of the market, rather than *vice versa*. The difficult problem here is for the scheme to be able to carry stocks over the price cycle of the particular commodity market. In the case of cocoa, for instance, the period of relative surpluses lasted for seven years, from 1958/59 to 1964/65, during which a cumulative excess of production over current consumption accrued in the amount of 450,000 tons. In the absence of adequate restraints on the rate of increase of production, the cost of neutralizing these surpluses could therefore mount substantially, though it should be noted that these surpluses have in fact been financed.

The difference between the present situation and that under an international scheme would be that whereas at present these stocks have built up in the hands of dealers and manufacturers, under an international scheme they would be held by a representative of both producers and consumers. For this to be achieved, it is required that the buffer stock scheme can raise credit enough to hold the surpluses which develop, in the same way that private interests in consuming areas can now do, and that this accommodation should not be withdrawn at precisely the most difficult period during a commodity cycle. It is in assuring these two essential conditions that the assistance of the governments of the more advanced countries, as well as of multilateral financial institutions, could be most usefully sought.

A problem which appears to be less difficult in financing the buffer stock scheme is the provision of capital for launching the scheme. Many major commodities are at present managed by statutory corporations in the developing countries or giant international companies with substantial capital resources. The equity capital required for a buffer stock scheme would generally be modest in relation to the volume of total trade in the commodity.

SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG DEVELOPING COUNTRIES

By most criteria, the African region has an overwhelming proportion of areas which can be classified among the least developed of the world. Even the level of development of the more developed parts of the region is very low in relation to international standards. Therefore, the identification of certain parts of Africa as areas of least development is of limited meaningfulness in terms of international economic policy. Moreover, the solution of the

problems of the majority of the least developed countries, e.g., the implementation of programmes for their industrialization, requires co-operation between them and neighbouring countries. Special problem areas, such as areas of persistent water shortage, tend to span a number of African countries. In view of this and the already complex network of relationships which exists between Africa and the rest of the world and often tends to weaken the cohesion of the region, it is not advisable to construct within the framework of UNCTAD another line of division based on the relatively tenuous distinction between little developed and least developed areas. The African approach to any agreements which can be achieved for international action on special preferential measures should therefore be to seek them for the region as a whole.

The fundamental deficiency which characterizes and also causes the condition of extreme economic backwardness is the inadequacy of human and physical infrastructure. Historically, the solution of this problem in many regions which are now relatively advanced has depended upon the transfer of a volume of capital and technological resources adequate to transform the situation. The difficult situation which faces the African countries is that during this period of emergence when they would be able to utilize effectively a massive injection of external resources to build up their infrastructure, the total amount of such resources available to the developing countries as a group has tended to stagnate or even to fall. In addition, the demands of other developing areas which made an earlier start in the process of development are tending to increase rather than fall. The volume of resources which would sustain a meaningful programme of development for the African region is therefore unlikely to be made available unless special arrangements in favour of the region can be negotiated.

Some of the institutional arrangements required for channelling this assistance into the region have been created by the African States in recent years, including national development banks and corporations, sub-regional financial institutions, and the African Development Bank. Also, the multilateral institutions, especially the World Bank, have gained more experience of the African region and would be capable of managing the application of a much larger volume of external resources towards African development than they have heretofore done. Recent experience suggests that the application of such external assistance is relatively ineffective unless it is done at a sufficient level of intensity. The present situation with regard to external assistance to the African region is that it is large enough for donor countries to be able to feel that they are making some effort, but too small for most recipient countries to be able to show significant results.

The possibility has been raised of special measures in the field of trade policy in order to assist African countries and some other least developed countries.

The system of preferential tariffs operated by the EEC in favour of some African countries represents one such set of measures which create at least favourable preconditions for the development of export industries in those countries. It could be envisaged that all Western European countries would extend to all African countries and to a number of other countries general freedom of access to their markets, at least unhindered by tariffs. This would represent a substantial increase in the opportunities for the development of African export industries. The application of such measures, however, cannot be considered without reference to the interests of other developing countries which cannot be classed among the least developed. Also, the value of the arrangement would be greatly enhanced if it could include the United States and the socialist countries.

Trade measures by themselves, whether special or general, are inadequate to ensure more rapid development in the African countries unless they are accompanied by more positive measures of assistance towards the development of export-generating activities. In this regard, the African countries should aim at an intensification of programmes directed towards diversification of their primary producing sectors, such as those of the European Development Fund and the World Bank, and of other measures, such as the International Coffee Agreement. So far, they have not produced significant changes in the structure of exports of the countries affected, partly because they are relatively recent and partly because they have been undertaken on too limited a scale.

The initiation of a programme of export promotion under the auspices of the United Nations has already been announced, to comprise assistance for the establishment of competitive export industries and for marketing. The actual content of this programme has so far been negligible. GATT, in co-operation with UNCTAD, also operates a modest programme of export promotion. A special effort to aid in the promotion of African exports would be among the most valuable concessions that Africa could obtain.

The least-developed countries of Africa are also dependent upon successful arrangements for co-operation with neighbouring countries. In particular, the chances that such countries will develop exports of manufactures on any substantial scale will depend upon arrangements for preferential access for their manufactured products in the markets of neighbouring African countries. Through sub-regional arrangements, the African countries are creating institutions which would make this possible. The whole process could be considerably speeded by massive international assistance in the consolidation of institutional machinery and in the development of industrial facilities and transport networks in accordance with a rational system of sub-regional development and specialization.

As for intra-African trade, the negotiation of reciprocal access on preferential terms is a problem primarily for the African countries themselves to solve. However, the effectiveness of such preferences as a means to stimulate the development of export industries depends upon the degree to which they are able to compensate for the weaknesses of African industries vis-à-vis competing suppliers from other regions. Therefore, at least for a transitional period, international trade policy should assist the African countries to develop integrated areas of industrialization behind a reasonable tariff wall. In many cases, this would require acceptance by more advanced countries of a diminution of the equal and sometimes preferential access to African markets now enjoyed by them.

THE FOOD PROBLEM

The inclusion on the UNCTAD agenda of an item on the world food problem should lead to an attempt to provide an integrated picture of the world food situation and to provide both a qualitative and a quantitative setting for the problems of world food production, consumption, and trade for the next decade. More specifically, it should serve to shift discussion away from the size and modalities of food aid and to focus it instead on how to increase food production in developing countries. Agreement on a plan for such increased production and on the role to be played by the international community in promoting more intensive food production through the utilization of relatively idle agricultural resources in developing countries would seem to be the objective to be sought at UNCTAD II.

The discussion should throw into relief two sets of problems and alternatives of development policy, between which African countries must choose in the near future. The first is that a developing country should itself provide the greater proportion of the additional food supplies needed in a growing economy, especially supplies of newer types of food products. The second is that the additional food supplies should depend to an increasing extent upon the more efficient farms of the developed countries and that the developing country should devote its resources primarily to enlarging its industrial sector, where its comparative cost disadvantage may be much less than in agriculture. At a future time its industrial base would support the establishment of a modernized and highly productive agricultural sector, such as exists in the more advanced countries. If the latter alternative were chosen, then UNCTAD might direct itself to questions of the forms and the costs of food supply and how much of it can be procured from other developing countries.

Attempts to achieve self-sufficiency in food may condemn the people of a country to low standards of living and oblige them to forgo the possibility of rapid economic development, since much higher

returns to capital and labour can often be obtained in activities other than food production. However, there are few African countries for which it can be maintained that land and labour resources are so nearly fully employed that more food production cannot be obtained without utilizing resources necessary for the production of industrial or primary export commodities. African countries, or at least the region as a whole, could and perhaps should produce virtually all their food requirements without penalizing either the export sector or the possibilities of development and growth of a modern industrial sector. Foreign exchange proceeds should not be spent on imported foods as long as it is economically feasible for an African country to produce its own food, which would enable it to conserve export earn-

ings for the purchase of capital at present incapable of production domestically.

On the other hand, there are some African countries which, with the appropriate agricultural structural changes and infusions of capital and modern technology, can become exporters of foodstuffs to both developed and developing countries. For them UNCTAD II should mark the first stage in the establishment of long-term projects with international support, aimed at large-scale investments for production of food crops for export to deficit countries. Therefore, African countries should press for increased international assistance for surveys of the prospects for agricultural specialization, including transport facilities, in areas that may be earmarked for intensive surplus production of foodstuffs.

Chapter 7

INTERNATIONAL CO-OPERATION IN THE FINANCING OF TRADE AND DEVELOPMENT

Capital formation is essential to economic growth. The economic structure of most developing countries, particularly those in Africa, is such that the growth in capital formation necessary to speed economic development requires an increase in the import of capital goods. Thus, economic growth requires enough foreign currency receipts to finance the import requirement for capital formation. This may be true even where local savings are at a rather high level, for a certain rigidity found in developing economies makes it difficult to channel these resources into export activities, which bring in foreign currency, or into activities for import-substitution, which save foreign currency. The possession of sufficient foreign currency receipts for capital imports is generally even more necessary, since domestic savings in many developing countries remain at a low level because GDP is itself so low.

Export earnings, the main source of foreign currency for financing imports to developing countries, have so far been insufficient to cover all needs. Furthermore, prospects for the principal exports of the developing countries remain unfavourable. Thus, external assistance is necessary to make up for the deficient exports and domestic resources of the developing countries. The United Nations General Assembly had taken 5 per cent as the target rate of growth of GDP for the developing countries during the first United Nations Development Decade. Half-way through the Development Decade, it became apparent that most of these countries were unable to attain this objective.¹

Calculations of the ECA secretariat show that only seven countries of 40 were attaining or exceeding the 5 per cent target set for the first United Nations Development Decade. The highest rate does not exceed 7 per cent, except for Libya, whose rapidly developing petroleum industry resulted in a 42 per cent growth rate of GDP² between 1960 and 1965. Five countries had a negative rate, dropping as low as -4 per cent. The growth rate of GDP for all Africa³ averaged only 3.37 per cent. As for the rate of growth

of GDP *per capita*, excluding Libya, with a rate of 37 per cent, there were only two countries whose GDP *per capita* increased at a rate of 5 per cent. The rate was negative for 14 countries, and the average for all Africa was only just over 1 per cent.

The same period also witnessed widespread and mounting balance of payments difficulties in many African countries. Although the combined trade gap of the developing African countries narrowed significantly since 1964, many individual countries continued to be plagued by the problems of trade deficits. In addition, most countries sustained growth deficits in invisible transactions. The result is that foreign exchange reserves have frequently been used to finance these deficits. It has not been possible to avoid such recourse, since the flow of foreign financial resources has proven inadequate. Moreover, the terms on which they have been made available continued to deteriorate. Although some cases of reserve build-up by African countries have occurred over the last two years, these have been marginal and unevenly distributed. With the recent trend in the inflow of financial resources and foreign exchange reserves usually at a barely safe minimum level, many African countries have had to adopt the only way open to them for coping with balance of payments difficulties, namely, to cut back on imports. Such a measure inevitably leads to a deceleration in the growth rate.

Available evidence confirms the persistence of this situation not only for African countries but also for a great number of developing countries elsewhere.⁴ To redress the balance of payments problems and maintain a desirable rate of growth, African countries, individually, collectively, and inevitably in collaboration with the capital-lending countries and with the international and regional financial institutions, must aim at increasing the flow of foreign financial resources and improving the terms of borrowing. These two objectives are interrelated. An equally important objective is to increase the effectiveness of utilization of foreign resources. In addition, it is of paramount importance that the developing countries mobilize their domestic

¹ UN, *The United Nations Development Decade at Mid-point: An Appraisal* (Sales no.: 65.1.26).

² GDP at 1960 constant prices.

³ South Africa excluded.

⁴ See UN, *International Flow of Long-Term Capital and Official Donations, 1961-1965* (E/4371).

resources for more efficient utilization. There is another very important consideration for African countries. A considerable number are among the least advanced of the developing countries, and special measures must be taken, especially with regard to financial assistance for the least advanced countries.

This chapter examines the financial assistance received by Africa. Despite many gaps in the data, the major trends in the flow of capital to Africa during the first half of the Development Decade are identified. This is useful to the formulation of a position for the African countries on questions of financing. Public aid has been emphasized here, since private capital, although it plays an important part in investment and trade, e.g., through suppliers' credits, is bound up with profit criteria and the problems of repatriation of income and even of the capital itself. Variation in its availability is not subject to complete control by donor and recipient governments, although, of course, they may influence its availability. On the other hand, public aid depends entirely on governmental decisions. Once the principle of aid and its quantity are accepted, donor governments are free to decide how and to which countries they will grant the funds. It is also to be remembered that only public aid can be furnished by countries with centrally planned economies.

From 1961 to 1964, the cumulative net total of capital made available to Africa by the member

countries of the OECD and the multilateral agencies reached \$6,755 million, or approximately \$24 *per capita* (see Table 55). By comparison, in the four years Asia obtained \$11 *per capita* and Latin America \$17 *per capita*. The distribution of this aid among the different African countries has been very uneven. Dividing Africa into two parts, north and south of the Sahara, it becomes evident that there is a

Table 55. Geographical distribution of net official flows to less developed countries from OECD member countries and from multilateral organizations, 1961–1964^{a b}

Recipient regions	Net flow (\$ million)						Net flow per capita (\$)	
							1961-1964	1961-1964
	1961	1962	1963	1964	1964	1964	1964	
Asia - -	2,235	2,402	2,758	2,935	10,333	3.15	11.07	
America - -	876	945	1,150	1,018	3,989	4.39	17.19	
Europe - -	543	468	469	343	1,823	3.78	20.03	
Africa - -	1,658	1,718	1,657	1,722	6,755	6.04	23.69	
north of the Sahara -	800	775	724	684	2,983	11.40	46.25	
south of the Sahara -	858	943	933	1,038	3,772	4.61	17.60	

Source: OECD, *Development Assistance Efforts and Policies, 1965 Review*, Appendix, Table 7.

^a The flows include loans with a maturity of one year or more.

^b Net official flows = net bilateral official grants and loans received + grants and loans from multilateral organizations — capital repayments and capital subscription payments to these organizations.

Table 56. Net official flow of external resources from industrial market economies and from multilateral agencies to African countries, 1961–1964 (\$ million)

Area	Bilateral						Multilateral			Total			
	Grants			Loans									
	1961	1962	1963	1961	1962	1963	1961	1962	1963	1961	1962	1963	1964
Africa - - -	1,246	1,280	1,201	291	293	344	121	145	112	1,658 ^a	1,718 ^a	1,657	1,722
Algeria - - -	401	353	266	37	43	12	—5	—4	—3	433	392	276	252
Congo (Kinshasa) -	60	63	87	—	3	—	26	2	—	87	67	87	115
Ethiopia - - -	21	25	21	—1	1	1	6	6	4	26	32	26	...
French franc area -	282	313	310	38	26	39	45	92	74	367	444 ^b	448 ^b	447
Ghana - - -	3	3	4	—	3	14	—	—1	10	2	6	27	40
Guinea - - -	1	6	15	1	3	8	—	1	—	2	10	23	...
Kenya - - -	34	35	32	29	13	22	2	2	2	65	51	56	53
Liberia - - -	5	7	10	22	72	24	—	—	—	27	79	34	17
Libya - - -	36	30	26	1	1	—	—	1	1	36	32	27	16
Malawi - - -	...	...	...	...	...	...	...	...	...	8	12	17	32
Morocco - - -	88	53	69	29	31	36	—	1	3	117	85	117 ^b	107
Nigeria - - -	7	14	18	24	16	—	2	1	—3	33	30	16	54
Portuguese Overseas Provinces -	3	3	10	30	38	42	—	—	—	33	41	52	64
Sierra Leone - - -	10	5	5	4	3	5	—	—	—	14	8	10	...
Somalia - - -	21	23	22	—	—	6	3	1	3	24	24	31	...
Sudan - - -	13	10	10	2	—3	1	10	14	8	25	21	19	...
Tanzania - - -	22	37	20	17	10	10	2	—1	—	41	47	32	44
Tunisia - - -	84	60	65	2	4	27	1	—	3	87	65	95	71
Uganda - - -	10	16	14	11	13	6	4	2	1	25	30	21	20
UAR - - -	103	171	142	7	8	61	17	22	5	127	201	209	238
UK Colonies - - -	18	19	21	11	5	7	—	2	3	29	26	31	...
Zambia - - -	...	...	...	...	...	...	...	...	...	...	5	3	18

Source: UN, *International Flow of Long-Term Capital and Official Donations, 1961–1965*.

^a There is some discrepancy between

this figure and the area breakdown. ^b This sum is not fully accounted for in the component breakdown.

Table 57. Net international flow of long-term capital and official donations to selected African countries, 1961-1964 (\$ million)

Country	Official donations				Long-term capital								Total					
	1961	1962	1963	1964	official				private				1961	1962	1963	1964		
					1961	1962	1963	1964	1961	1962	1963	1964						
Ethiopia	-	-	9	14	7	8	7	24	15	4	6	5	12	12	22	43	34	24
Ghana	-	-	-3	—	—	-2	131	45	60	48	-13	22	31	27	115	67	91	73
Libya	-	-	29	29	29	14	3	-1	1	—	-2	-5	6	49	30	23	36	63
Morocco	-	-	43	2	36	12	45	42	41	59	1	—	2	-13	89	44	79	58
Nigeria	-	-	7	7	7	18	94	46	85	84	70	42	113	158	171	95	205	260
Federation of Rhodesia and Nyasaland		8	8	17	...	3	4	12	...	65	-29	-1	...	76	-17	28	...	...
Somalia	-	-	16	24	18	...	4	-5	11	...	2	4	—	...	22	23	29	...
Sudan	-	-	23	17	14	3	17	22	22	29	15	9	5	2	55	48	41	34
Tunisia	-	-	53	33	32	19	10	38	21	66	9	11	30	19	72	82	83	104
UAR	-	-	-8	-4	-9	2	106	184	234	262	4	6	-8	-7	102	186	217	257
Total 10 countries		177	130	151	...	420	399	502	...	157	65	190	...	754	594	843	...	...

Source: UN, *International Flow of Long-Term Capital and Official Donations, 1961-1965*.

heavy concentration of aid in Africa north of the Sahara, which involves five countries. Here \$11.40 *per capita* was received in 1964 alone and \$46.25 *per capita* for the total period 1961-1964. Over the same years, the figures *per capita* for African countries south of the Sahara were only \$4.61 in 1964 and \$17.60 for 1961-1964. The principal beneficiaries in the north were Algeria, the U.A.R., and Morocco, which together absorbed close to 85 per cent of the net amount provided for Africa north of the Sahara in 1961 and 87 per cent in 1964. Aid to Algeria has decreased considerably, from \$433 million in 1961 to \$392 million in 1962 and \$252 million in 1964, as a result of a sharp curtailment of French aid. On the other hand, aid to the U.A.R. has increased year by year, from \$127 million in 1961 to \$238 million in 1964, mainly as a consequence of expanded American aid under the PL 480 programme.⁵ The net aid supplied to Africa south of the Sahara has risen only slightly, from \$858 million in 1961 to \$943 million in 1962, and reaching, after a slight drop in 1963, a total of \$1,038 million. This represents an advance of 11 per cent over 1963 and 21 per cent over 1961.

Table 56 reveals that bilateral aid accounted for approximately 92 per cent of the total aid received by Africa between 1961 and 1963 and that the bilateral grant component accounted for 74 per cent of total aid. There was an increase in bilateral loans during the period, while grants and multilateral aid showed a downward trend. Table 57 shows that private long-term capital accounted for a large proportion of the total capital made available to some countries. For example, in Libya in 1964 and in Nigeria in 1963 and 1964, the amount of private capital exceeded that of official capital. The change noted in these two countries can be traced mainly to private investments in the petroleum industry. There was a net

outflow of private capital in Ghana in 1961, Libya in 1961 and 1962, Morocco in 1964, the former Federation of Rhodesia and Nyasaland in 1962 and 1963, and the U.A.R. in 1963 and 1964.

Figures published by the OECD show that total net aid to Africa diminished between 1960 and 1965. The tendency to reduce the proportion of grants in favour of loans is becoming more marked, but contrary to preceding years, multilateral institutions substantially increased their assistance in 1965, especially the EEC, IBRD, and IDA.⁶ From the data, it is not clear whether current or constant prices were used, but because of national reporting procedures, it is almost certain that current prices were used. This would mean that the diminution in aid was actually more serious than the figures suggest, since prices were constantly rising. A brief survey of aid to Africa from several major donors is now presented in order to identify the salient points of such financing.

From 1960 to 1966, the gross total of U.S. bilateral aid to Africa was \$2,733 million.⁷ Of this total, \$1,645 million, i.e., 60 per cent, was in the form of grants and the rest in loans, as shown in Table 58. The chief agencies of U.S. aid to Africa were: AID and its predecessor agencies, \$1,496 million, or 55 per cent of the total; the Food for Peace programme, \$906 million, or 33 per cent of the total; loans from the Export-Import Bank, \$216 million, or 8 per cent of the total; and other programmes, \$115 million, or 4 per cent of the total.

This assistance more than doubled from 1960 to 1961. A further increase was registered in 1962. From 1963 to 1965, American aid to Africa decreased. While an increase of about one-sixth was registered in the quantity of aid from 1965 to 1966, the total in the latter year was well below the quantity

⁵ OECD, *Geographical Distribution of Financial Flows to Less Developed Countries, 1960-1964*.

⁶ *Ibid.*, with 1965 added.

⁷ Not including military aid.

Table 58. U.S. loans and grants to Africa, 1960 — 1966 (\$ million)

Programme	Year							Total
	1960	1961	1962	1963	1964	1965	1966	
AID and predecessor agencies — total	169.7	264.0	315.0	239.1	189.0	149.7	169.5	1,496.0
loans	86.4	93.3	115.6	115.9	90.9	73.0	88.9	664.0
grants	83.2	170.7	199.4	123.2	98.1	76.8	80.6	832.0
Food for Peace — total	33.4	147.9	98.7	217.1	146.0	121.2	141.8	906.1
Title I — Total sales agreements	—	14.3	40.1	58.8	50.1	55.5	37.9	256.7
Less: planned for U.S. uses	—	2.9	7.7	8.7	11.3	12.6	7.3	50.5
Title I — Planned for loans and grants	—	11.4	32.4	50.1	38.9	42.8	30.6	206.2
104c — Grants for common defense	—	—	—	—	—	3.4	—	3.4
104e — Grants for economic development	—	7.2	11.0	26.4	1.0	1.0	—	46.6
104e — Loans to private industry	—	1.4	2.8	3.7	8.0	5.3	1.3	22.5
104g — Loans to Governments	—	2.9	18.6	20.0	29.9	33.1	29.4	133.9
Title I — Assistance from other country agreements	—	—	—	—	—	—	—	—
Title II — Emergency relief and economic development	26.8	120.5	47.4	127.5	54.0	37.3	48.1	461.6
Title III — Voluntary relief agencies	6.6	16.0	18.2	37.4	52.4	31.5	24.5	186.6
Title IV — Dollar credit sales	—	—	0.7	2.1	0.7	9.6	38.6	51.7
Export — Import Bank long-term loans	3.5	43.7	67.5	9.7	12.8	34.5	44.3	216.0
Other US economic programmes	4.0	4.0	7.2	15.0	24.9	27.2	32.7	115.0
Total economic aid	210.6	459.6	488.4	480.9	372.7	332.6	388.3	2,733.1
loans	89.9	141.3	205.2	151.4	142.3	155.5	202.4	1,088.0
grants	120.6	318.4	283.2	329.5	230.4	177.2	185.9	1,645.2

Source: US Agency for International Development, Statistics and Reports Division, *US Overseas Loans and Grants and Assistance from International Organizations, Obligations and Loan Authorizations*, 1 July 1945 — 30 June 1966.

of aid given in 1961, 1962, and 1963. The share of AID, the foreign aid agency of the U.S. Government, was 81 per cent of total American aid in 1960, but only 44 per cent in 1966, whereas the respective shares of the Food for Peace programme and the Export-Import Bank, which were 16 per cent and 2 per cent in 1960, increased to 37 per cent and 11 per cent in 1966.

The terms of American aid have been deteriorating since 1960. The proportion of loans, which was 43 per cent in 1960, rose to 52 per cent in 1966. Thus, grants fell from 57 per cent of the total in 1960 to 48 per cent in 1966. The rate of interest applied to U.S. loans has increased from 2.5 per cent in 1962 and 1964 to 3.3 per cent in 1965. The amortization period has changed from 29 years in 1962, to 33 years in 1964, to 28 years in 1965.⁸ These figures are averages. Loans from AID generally are for a period of 40 years, with a grace period of 10 years on amortiza-

tion, and bear interest at 2.5 per cent, but only 1 per cent during the grace period. Loans from the Export-Import Bank are for 10 to 20 years at a 5.5 per cent rate of interest. Until 1961, the principal and interest on AID loans were serviced in local currency. Loans from the Export-Import Bank were repaid in dollars. Since 1962, however, it has increasingly been the rule that principal and interest on AID loans must be repaid in dollars. Finally, most American aid is tied to the purchase of supplies from the United States.

Only fragmentary figures are available on aid from the United Kingdom to Africa. This aid had increased considerably by 1965/66 as compared with the 1957/58 level, the figures being \$230 million and \$62 million, respectively, as shown in Table 59. British aid to Africa is concentrated on Commonwealth members, and this trend has become more and more accentuated. The share received by these countries rose from 79 per cent in 1957/58 to 97 per cent in 1965/66. It is also to be noted that 83

⁸ *Foreign Affairs*, July 1967, Vol. 45, No. 4, p. 722.

Table 59. British Government bilateral disbursements of economic aid to Africa, 1957/58, 1964/65, and 1965/66 (\$ million)

Recipient	1957/58			1964/65				1965/66			
	Grants	Loans	Total	Grants	Loans	Technical assistance	Total	Grants	Loans	Technical assistance	Total
Africa	52.3	10.0	62.3	95.7	83.9	50.2	229.8	76.9	97.2	55.6	229.7
Commonwealth	39.5	10.0	49.5	84.6	79.1	49.4	213.1	76.6	91.5	54.2	222.3
Others	12.8	—	12.8	11.1	4.8	0.8	16.7	0.3	5.7	1.4	7.4

Source: Ministry of Overseas Development, *Overseas Development: The Work in Hand*, August 1965 and January 1967.

per cent of U.K. aid was in the form of grants in 1957/58 and only 33 per cent in 1965/66. For 1957/58, it was impossible to identify separately the cost of technical assistance, so that it has been included in the other figures. A comparison of 1965/66 with 1964/65 shows the following relationships: grants, 42 per cent in 1964/65 and 33 per cent in 1965/66; loans, 37 per cent in 1964/65 and 42 per cent in 1965/66; technical assistance, 22 per cent in 1964/65 and 24 per cent in 1965/66. Total assistance in terms of quantity was virtually the same in 1964/65 and 1965/66.

A large part of British aid in the technical assistance field was used to cover the expenditures of African countries in paying British officials in their various services or British consultants or economic missions sent to the African countries. Another part of such aid was used as budget subsidies. Although it is increasingly a feature of British policy to link aid with the purchase of products from the United Kingdom, a large part of British aid to Africa was intended to cover the local expenses of development projects. For example, in 1965/66, 58 per cent of the £3 million interest-free loan to Kenya was used to cover local expenses. In Uganda, the proportion was 34 per cent, and in Malawi the percentage of British aid which may be used to cover local expenses is not limited.

Since 1958, the term of British loans has been lengthened from an average of 15 years to 20 or 25 years, and even a 30-year term has been considered. Following the same trend, the period of grace on amortization has been prolonged, to as much as seven years in some instances. As early as 1963, the British Government introduced a new concession by waiving interest payments in some cases for periods of up to seven years. This had the effect of reducing, sometimes by as much as one-third, the normal interest rate payable during the term of the loan. Interest-free loans were granted to Kenya, Malawi, Uganda, and Sierra Leone.

Table 60 shows the commitments undertaken by the centrally planned economies to assist African countries. In the eight years 1954-1961 commitments to Africa from the centrally planned economies totalled \$1,247 million, but in the four following years, 1962-1965, they exceeded the previous eight-year total and were estimated at \$1,375 million. In the entire period 1954-1965, the centrally planned countries undertook commitments to only 17 African countries. The information available does not indicate the period of these commitments, the amount actually used, and the economic sectors to which they were destined. The form of the commitments is always loans, which are completely tied to the purchase of capital goods and related services in the donor country.

The European Development Fund (EDF) has been the largest multilateral source of aid to the Associated African and Malagasy States (AAMS) connected with the EEC. The first Fund, the Over-

Table 60. Commitments of bilateral economic assistance from centrally planned economies to Africa, 1954-1961 and 1962-1965 (\$ million) ^a

Commitments	1954-1961 (cumulative)	1962	1963	1964	1965 ^b	1962-1965 (cumulative)
To all developing countries -	4,138	316	341	1,246	685	2,588
To Africa -	1,247	55	242	874	204	1,375
Algeria -	—	—	156	143	—	299
Central African Republic -	—	—	—	4	—	4
Congo (Brazzaville) -	—	—	—	33	29	62
Ethiopia -	114	—	—	—	—	—
Ghana -	122	—	—	22	20	42
Guinea -	106	13	—	—	—	13
Kenya -	—	—	—	55	—	55
Mali -	75	10	—	27	—	37
Morocco -	5	12	—	—	—	12
Nigeria -	—	—	—	—	14	14
Senegal -	—	—	—	7	—	7
Somalia -	74	—	22	—	—	22
Sudan -	22	—	—	—	—	—
Tanzania -	—	—	—	51	—	51
Tunisia -	48	—	—	—	—	—
Uganda -	—	—	—	15	15	30
U.A.R. -	681	20	64	517	126	727

Source: UN, *International Flow of Long-Term Capital and Official Donations, 1961-1965*.

^a National currencies converted into dollars at official rates of exchange.

^b Provisional estimate.

seas Development Fund (FEDOM), which commenced on 1 January 1958, was designed to supplement the bilateral aid granted by the European States, the largest share of which consisted of that granted by France to its colonies through the Fund of Aid and Co-operation (FAC). Aid under FAC, although slightly on the decrease since 1963, was still large even after the second Fund (EDF) started operations in 1964.

From 1959 to 1965, FAC allocated to African countries \$465 million, of which 99 per cent went to associated countries in the franc zone.⁹ See Table 61. The loans were distributed as shown in Table 62: 33 per cent for infrastructure, 33 per cent for production and development, 21 per cent for social equipment and facilities, 10 per cent for general expenditure, and 3 per cent for financing shares.

FEDOM had 581.25 million units of account available (\$581.25 million) from the six member States of the EEC to finance grants for the capital investment expenditure of the associated countries and territories in the non-productive sectors, mainly for economic and social infrastructure. Because of delays at the start of FEDOM and during the negotiations on the Second Convention of Association and difficulties resulting from the absence or in-

⁹ Including the former Mali Federation.

adequacy of development plans submitted by the associated countries, FEDOM was not able to liquidate its operations by the end of the First Convention

of Association. However, by 31 December 1965, \$512.27 million had been obligated, as shown in Table 63. For the same reasons, there was a gap

Table 61. Allocations by the Fund of Aid and Co-operation (FAC) for development in Africa from beginning of operations to 31 December 1965^a (thousand francs)

Country	1959	1960	1961	1962	1963	1964	1965	Total
<i>Franc zone</i>	307,002	355,566	333,460	296,793	381,966	326,811	301,645	2,303,243
Senegal	12,784	26,961	23,771	27,535	22,482	43,467	12,022	169,022
Mali	22,646	34,515	14,600	22,020	1,601	5,441	463	101,286
Former Mali Federation	9,442	11,394	-6,332	—	—	—	—	14,504
Mauritania	4,530	27,218	71,235	13,743	14,405	14,280	19,619	165,030
Ivory Coast	19,580	35,481	20,621	39,306	51,034	21,737	48,223	235,982
Upper Volta	20,218	23,142	19,783	19,018	19,626	17,056	21,186	140,029
Dahomey	88,050	15,119	23,247	11,644	35,599	19,703	16,447	209,809
Niger	10,132	26,047	2,400	27,206	33,849	30,684	22,773	153,091
Gabon	9,604	18,967	19,722	19,197	16,380	9,951	16,843	110,664
Congo (Brazzaville)	12,836	23,445	15,980	10,276	24,051	16,305	2,430	105,323
CAR	7,102	24,749	15,906	4,840	13,641	34,510	8,987	109,735
Chad	10,386	25,710	11,314	12,102	31,628	23,080	29,544	143,764
Madagascar	35,464	58,250	46,461	52,001	62,919	44,167	54,361	353,623
Cameroon	37,882	1,341	41,797	37,256	39,248	31,694	44,109	233,327
Togo	6,346	3,227	12,955	649	15,503	14,736	4,638	58,054
<i>Other</i>	—	—	—	—	1,223	6,945	13,834	22,002
Rwanda	—	—	—	—	1,223	3,674	1,472	6,369
Burundi	—	—	—	—	—	508	4,475	4,983
Congo (Kinshasa)	—	—	—	—	—	2,463	7,887	10,350
Ethiopia	—	—	—	—	—	300	—	300
Total	307,002	355,566	333,460	296,793	383,189	333,756	315,479	2,325,245

Source: Caisse centrale de coopération économique, *Rapport d'activité, exercice 1965*.

^a Figures based on Office of the Comptroller, FAC, taking into account cancellations during 1965.

Table 62. Allocations by the Fund of Aid and Co-operation (FAC) for development in Africa, by sector, from beginning of operations to 31 December 1965^a (thousand francs)

Country	Financing shares	General expenditure	Production and development	Infra-structure	Social equipment, facilities	Total	In advances
<i>Franc zone</i>	60,808	228,420	760,856	775,017	478,142	2,303,243	82,661
Senegal	2,508	16,990	64,000	32,430	53,094	169,022	28,030
Mali	—	4,403	81,974	7,257	7,652	101,286	12,600
Former Mali Federation	—	6,318	—	6,560	1,626	14,504	—
Mauritania	57,974	13,051	29,019	59,092	5,894	165,030	5,000
Ivory Coast	—	28,646	65,309	43,764	98,263	235,982	10,940
Upper Volta	—	23,738	61,242	22,900	32,149	140,029	760
Dahomey	—	6,925	34,336	148,824	19,724	209,809	—
Niger	—	19,666	52,356	57,353	23,716	153,091	5,400
Gabon	300	7,600	26,063	58,653	18,048	110,664	300
Congo (Brazzaville)	—	12,480	38,687	32,783	21,373	105,323	4,700
CAR	26	7,174	43,429	36,736	22,370	109,735	1,900
Chad	—	17,771	48,914	46,665	30,414	143,764	4,040
Madagascar	—	32,498	152,620	91,446	77,059	353,623	8,091
Cameroon	—	27,234	48,635	98,001	59,457	233,327	—
Togo	—	3,926	14,272	32,553	7,303	58,054	900
<i>Other</i>	—	7,875	6,232	3,132	4,763	22,002	—
Rwanda	—	1,355	332	1,027	3,655	6,369	—
Burundi	—	1,620	2,900	275	188	4,983	—
Congo (Kinshasa)	—	4,900	3,000	1,830	620	10,350	—
Ethiopia	—	—	—	—	300	300	—
Total	60,808	236,295	767,088	778,149	482,905	2,325,245	82,661

Source: Caisse centrale de coopération économique, *Rapport d'activité, exercice 1965*.

^a Figures based on Office of the Comptroller, FAC, taking into account cancellations during 1965.

between the amount committed and that actually expended, so that on 31 December 1965 the latter was only 55 per cent of commitments. However, if

payments continued at \$100 million per year, which has been the rate since 1965, FEDOM would complete its operations in 1968.

Table 63. Overseas Development Fund (FEDOM) assistance to the Association of African and Malagasy States (AAMS) connected with the EEC, from beginning of operations to 31 December 1965 (\$ thousand)

AAMS members	Number of projects	Initial commitment	Contracts and estimates		Unused balance of initial commitment + authorized additions	Total commitments	Disbursements
			number	value			
Senegal - - -	24	40,833	95	29,829	14,005	43,834	25,546
Mauritania - - -	11	12,540	50	14,113	1,265	15,378	10,280
Mali - - -	24	31,170	113	36,438	5,592	42,030	26,253
Ivory Coast - - -	19	36,446	62	27,204	12,458	39,662	24,600
Dahomey - - -	18	20,379	62	12,348	8,429	20,777	9,203
Niger - - -	8	28,805	52	23,505	7,847	31,352	13,497
Upper Volta - - -	13	27,347	53	22,392	5,902	28,294	15,853
Togo - - -	18	13,995	57	10,808	5,127	15,935	8,345
Gabon - - -	15	15,078	82	12,505	5,275	17,780	10,985
Chad - - -	19	28,837	69	24,720	3,204	27,924	20,256
CAR - - -	27	15,776	87	10,287	7,930	18,217	6,569
Congo (Brazzaville) - - -	18	19,608	57	18,531	6,091	24,622	16,430
Cameroon - - -	27	44,832	72	39,364	13,433	52,797	24,786
Algeria - - -	9	20,427	18	7,160	18,159	25,319	6,058
Madagascar - - -	40	53,528	106	50,679	5,590	56,269	37,146
Comoro Islands - - -	7	2,788	11	2,861	216	3,077	2,367
French Somaliland - - -	2	1,367	8	1,137	62	1,199	846
Réunion - - -	5	7,516	8	2,738	6,124	8,862	2,030
Congo (Kinshasa) - - -	16	17,991	71	14,645	4,492	19,137	7,506
Burundi - - -	11	4,413	22	3,019	1,902	4,921	2,763
Rwanda - - -	11	4,844	71	4,005	941	4,946	3,107
Somalia - - -	6	8,482	88	7,676	2,261	9,937	6,872
Total - - -	343 ^a	457,002	1,314	375,964	136,305	512,269	281,298

Source: EEC European Development Fund, *Situation bimestrielle des projets en exécution, 31 décembre 1965*.

^a The country figures total 348, because there are three projects included which concern more than one country. Thus, Niger, Cameroon, and Chad are all involved in Rinderpest Phase 1; Niger, Upper Volta, and Mali in Rinderpest Phase 2; and Gabon and Congo (Brazzaville) in a radio relay link. When the double-counting is eliminated, the projects total 343.

Table 64. Economic and social investment projects financed by the European Development Fund for AAMS members through 31 December 1966 (\$ thousand)

Country	Number of projects	Initial commitment	Transactions, contracts, and estimates		Unused balance of initial commitment	Disbursements
			number	value		
Burundi - - -	5	6,149	2	63	6,086	78
Cameroon - - -	5	11,019	8	280	10,739	73
CAR - - -	7	9,491	3	392	9,099	—
Congo (Brazzaville) - - -	5	6,224	5	1,941	4,283	152
Congo (Kinshasa) - - -	8	35,177	6	525	34,652	159
Ivory Coast - - -	2	2,249	12	138	2,111	31
Dahomey - - -	4	6,146	1	20	6,126	4
Gabon - - -	—	—	—	—	—	—
Upper Volta - - -	5	5,669	13	491	5,178	391
Madagascar - - -	11	33,979	12	1,276	32,703	44
Mali - - -	5	9,988	14	3,500	6,488	107
Mauritania - - -	5	10,092	5	918	9,174	138
Niger - - -	6	9,421	8	1,770	7,651	1,016
Rwanda - - -	2	979	18	169	810	60
Senegal - - -	5	6,367	—	31	6,336	36
Somalia - - -	2	6,419	2	48	6,371	42
Chad - - -	11	20,861	13	1,228	19,633	928
Togo - - -	2	2,066	1	56	2,010	21
Total - - -	90	182,296	123	12,846	169,450	3,280

Source: EEC European Development Fund, *Quarterly Status of Projects, 31 December 1966*.

With the Second Convention of Association, important changes occurred in the concept of the assistance provided by the European Development Fund, which succeeded FEDOM. The total available for 1964-1969 is \$800 million, 38 per cent larger than FEDOM. Of the \$800 million, \$730 million is intended for AAMS. Money is made available by means of both grants and loans and covers non-profit projects as well as productive investments. For the AAMS, the EDF has \$620 million in grants and \$46 million in special loans, while the remaining \$64 million is handled through the European Investment Bank as normal loans. The EDF loans are granted on very favourable terms, extending over 40 years with a period of grace on amortization for the first 10 years and a rate of interest not exceeding 2 per cent. Also, the EDF may intervene in favour of the recipient of a normal loan by the European Investment Bank. This intervention can lessen the load for the recipient, for example, an interest rebate of 3 per cent may be granted on loans of a maximum duration of 25 years. The status of economic and social investment projects financed through the European Development Fund through the end of 1966 is presented in Table 64.

Under the Convention of Association, AAMS members were obliged to sell their products eventually at world market prices, according to a time-table varying by product. By this agreement, the AAMS members which were part of the franc zone were to lose the financial advantages resulting from the overpricing of their products enjoyed in the French market. In 1961, for example, the total financial benefit of the AAMS arising out of this preferential treatment was estimated at 343 million French francs, or \$69 million, as shown in Table 65.

It was necessary to find a means to compensate this loss and allow the African economies to adapt themselves to the new situation. Thus, 230 million

Table 65. Estimated financial advantages to AAMS franc zone members from French preferences, 1961

Product	AAMS franc zone exports to France (tons)	(French francs per kilo)			Total advantage (thousand francs)
		International price, c.i.f.	French price, c.i.f.	Unitary difference	
Coffee, robusta	167,513	2.02	3.23	1.21	202,691
Coffee, arabica	7,600	3.68	4.35	0.67	5,092
Groundnuts	335,000	0.97	1.03	0.06	20,100
Groundnut oil	111,300	1.63	2.00	0.37	41,181
Palm oil	12,400	1.12	1.19	0.07	868
Bananas	146,500	0.72	0.90	0.18	26,370
Sugar	45,000	0.29	0.85	0.56	25,200
Rice	13,000	0.90	1.50	0.60	7,800
Cotton ^a	67,455	...	...	...	10,100
Other products ^b	...	...	...	...	3,600
Total					343,002

Source: IMF, *Staff Papers*, Vol. X, No. 3, November 1963, p. 368.

^a Subsidy to producers.

^b Pepper, gum, and grated coconut.

units of account were reserved for allocation to aid for production through price support and structural improvement of crops and for diversification during 1964-1969, or an average of \$46 million yearly for the AAMS. This is to be compared with the gain of \$69 million shown in Table 65 for 1961, which would suggest that the AAMS members in the franc zone were not given compensation equal to the loss incurred by marketing at world prices. Therefore, the other forms of EDF aid would have to be of such a nature as to increase and diversify exports from the AAMS in order to provide additional compensation. This cannot be evaluated until enough time has passed for present investments to bear fruit, but the AAMS members in the franc

Table 66. European Development Fund aid for production to AAMS members through 31 December 1966 (\$ thousand)

Country	Price support								Structural improvement					
	Programmes		firm commitments	already specifically committed	balance	expenditures	firm commitments	Transactions, contracts, and estimates		balance	expenditures	Total expenditures		
	number	value						number	value					
Cameroon	-	-	2	4,372	1,032	585	447	508	3,340	7	1,645	1,695	1,845	2,353
CAR	-	-	3	3,669	2,165	1,543	622	1,422	1,504	3	1,060	444	1,025	2,447
Dahomey	-	-	2	1,963	648	405	243	120	1,315	2	—	1,315	106	226
Madagascar	-	-	2	16,344	7,600	2,179	5,421	771	8,744	2	67	8,677	400	1,171
Mali	-	-	2	2,843	990	286	704	310 ^a	1,853	—	—	1,853	—	310
Niger	-	-	2	2,030	1,184	81	1,103	77	846	4	120	726	111	188
Senegal	-	-	3	21,962	10,942	10,942	—	10,129	11,020	1	2,692	8,328	3,593	13,722
Chad	-	-	2	2,986	2,920	2,920	—	2,586	66	—	—	66	—	2,586
Togo	-	-	1	965	748	—	748	—	217	—	—	217	4	4
Total	-	-	19	57,134	28,229	18,941	9,288	15,923	28,905	19	5,584	23,321	7,084	23,007

Source: EEC European Development Fund, *Quarterly Status of Projects*, 31 December 1966.

^a In this case, expenditure exceeds specific commitments.

Table 67. European Development Fund aid for diversification to AAMS members through 31 December 1966 (\$ thousand)

Country	Programmes		Transactions, contracts, and estimates		Balance	Expenditures
	number	value	number	value		
Burundi -	2	5,250	1	136	5,114	45
Cameroon -	1	749	6	630	119	538
CAR -	—	—	—	—	—	—
Congo (Brazzaville)	3	5,169	11	2,017	3,152	25
Congo (Kinshasa)	—	—	—	—	—	—
Ivory Coast	2	34,814	8	25,826	8,988	11,861
Dahomey -	—	—	—	—	—	—
Gabon -	—	—	—	—	—	—
Upper Volta	1	1,175	—	—	1,175	—
Madagascar	2	284	2	237	47	50
Mali -	1	47	—	—	47	—
Mauritania -	1	1,357	—	—	1,357	—
Niger -	1	936	—	—	936	—
Rwanda -	3	4,448	8	401	4,047	159
Senegal -	1	1,025	2	252	773	178
Somalia -	—	—	—	—	—	—
Chad -	—	—	—	—	—	—
Togo -	—	—	—	—	—	—
Total -	18	55,254	38	29,499	25,755	12,856

Source: EEC European Development Fund, *Quarterly Status of Projects, 31 December 1966*.

zone have suggested that they would have difficulty in winning again on the markets of the six EEC Members what they lost by the progressive abolition of the special arrangements with France. Furthermore, special steps were necessary for certain products, particularly oil seeds, for which additional aid of \$21.5 million from the EEC budget was to be allocated for the period 1 July 1967 to 31 May 1969, when the Yaoundé Convention expires. Tables 66 and 67 present data on assistance for production and diversification through 31 December 1966.

Loans to Africa from the International Bank for Reconstruction and Development reached a cumulative net total of \$1,347 million in 1966/67, as shown in Table 68. This was 13 per cent of the total of all loans granted by the IBRD. These loans went mainly to transport (railways and roads) and electric energy. Loans for the transport sector represented 52 per cent of the cumulative total by 1960/61 and 42 per cent in 1966/67. Electric energy represented 23 per cent of the cumulative total by 1960/61 and 32 per cent by 1966/67. The next largest category was loans to industry, which had taken 13 per cent of the total by 1960/61 and 14 per cent by 1966/67. Of loans to industry, 98 per cent had gone to mining by 1960/61 and 52 per cent by 1966/67. The cumulative proportion allocated to agriculture had been 6 per cent by 1960/61 and 7 per cent by 1966/67, of which irrigation and land-clearing projects absorbed the bulk.

Table 68. IBRD loans and IDA credits to Africa, by use, cumulative totals ^a, 1960/61 — 1966/67 (\$ million)

Purpose	IBRD			1963/64 IBRD and IDA	1964/65		1965/66		1966/67	
	1960/61	1961/62	1962/63		IBRD	IDA	IBRD	IDA	IBRD	IDA
Total - - - - -	799.8	885.1	917.6	1,036.0	1,103.6	116.7	1,244.6	145.1	1,347.0	235.7
Electric power - - - - -	186.4	247.4	251.6	312.1	405.6	—	405.6	—	428.3	—
Transport: - - - - -	418.2	429.2	442.5	463.9	443.2	71.3	545.2	75.4	566.7	108.8
railroads - - - - -	263.2	274.2	274.1	274.2	274.0	—	338.0	—	338.0	18.1
roads - - - - -	87.8	87.8	87.7	106.4	86.6	71.3	119.6	75.4	137.1	90.7
ports and waterways - - - - -	17.2	17.2	30.7	33.3	32.6	—	37.6	—	41.6	—
pipelines - - - - -	50.0	50.0	50.0	50.0	50.0	—	50.0	—	50.0	—
Telecommunications - - - - -	1.5	4.4	4.4	4.4	4.4	—	9.2	—	22.2	—
Agriculture and forestry: - - - - -	50.7	59.1	59.1	65.4	69.9	15.8	79.9	20.8	95.1	41.4
farm mechanization - - - - -	—	—	—	—	—	—	4.1	1.0	4.1	1.5
irrigation and flood control - - - - -	35.0	35.0	35.0	48.0	45.5	13.0	47.5	13.0	47.5	13.0
land clearance - - - - -	13.7	22.1	22.1	17.1	23.2	2.8	26.4	4.8	41.6	24.9
crop processing - - - - -	1.0	1.0	1.0	0.3	0.3	—	1.1	2.0	1.1	2.0
livestock - - - - -	1.0	1.0	1.0	—	0.9	—	0.9	—	0.9	—
Industry: - - - - -	103.0	105.0	120.0	140.5	140.5	—	163.0	—	193.0	—
various - - - - -	—	—	—	20.5	20.5	—	20.5	—	50.5	—
mining - - - - -	101.0	101.0	101.0	101.0	101.0	—	101.0	—	101.0	—
development finance companies - - - - -	2.0	4.0	19.0	19.0	19.0	—	41.5	—	41.5	—
Water supply - - - - -	—	—	—	—	—	—	—	1.1	—	1.1
General development - - - - -	40.0	40.0	40.0	40.0	40.0	29.6	40.0	—	40.0	—
Education - - - - -	—	—	—	9.6	—	—	—	47.8	—	84.0
Engineering study - - - - -	—	—	—	—	—	—	1.7	—	1.7	0.5

Source: IBRD and IDA, *Annual Report, 1960/61 to 1966/67*.

^a Cancellations and repayments are taken into account in the totals.

Credits from the International Development Association (IDA) were a cumulative \$117 million by 1964/65 and \$236 million by 1966/67. Of these, 61 per cent had gone to roads by 1964/65 and 46 per cent to roads and railroads by 1966/67. Agriculture had taken 14 per cent by 1964/65 and 18 per cent by 1966/67. No IDA credits had gone to education before 1965/66, but by 1966/67 this sector had received 36 per cent of the total credits. See Table 68.

The preceding analysis indicates that the major factor which will determine the future volume of aid to Africa will be the size of the transfers of capital, both bilateral and multilateral, from Western Europe and the United States. However, assistance from the centrally planned economies will also be a determining factor. In this regard, it is hoped that the socialist countries will undertake larger commitments to an increased number of countries and that such commitments will be entirely utilized.

Three central points in the approach of the African countries towards future aid should be:

- 1) As the least developed region, with its basic infrastructure still requiring development, Africa needs special international arrangements to ensure that the volume and the kind of aid will meet the situation.
- 2) The African region has agreed to support the movement towards the liberalization of world trade on a non-discriminatory basis. This participation will not yield any material benefits unless special measures can be agreed on to promote the export industries of the region. These measures should include the provision of adequate general services to facilitate the establishment of export generating enterprises.
- 3) In some cases the achievement of trade liberalization on a multilateral non-discriminatory basis will require that some African countries give up special preferential positions which they presently enjoy. The flow of international assistance to the region during this period of transition towards a situation of complete liberalization should be adequate not only to compensate the African countries concerned for the loss of advantages, but also to enable their economies to withstand the effects of the new situation in their international trade.

A recommendation was made by UNCTAD I prescribing that the abolition of preferential arrangements between developed and developing countries should be accompanied by the effective application of international measures providing at least equi-

valent advantages.¹⁰ The way of dealing with the problem in the associated franc zone countries, mentioned above, may prove useful in the search for solutions. Of course, when it was a question of price control, it was not difficult to calculate the difference between the world price and the French "overprice" and to multiply it by the quantity exported to France to find the financial benefit that the AAMS Members could derive from the system. However, when it is a question of tariff and quota preferences, it is more difficult to calculate the order of magnitude of the advantages derived from the preferential system.

The approach of the European Development Fund is of interest, for it has tried to solve the problem of eliminating one kind of trade preference by the application of measures to compensate for the resultant losses. It may be said that the advantages arising out of a preferential system, and consequently the damaging effects of their elimination, depend in the short and medium run on the structure and geographical distribution of the exports from the country in question and on the amount of preferences. In the long run, it will be necessary to take into account, *inter alia*, the supply potential of the country, which will notably depend on the investments made during the period in which the preferential system existed.

The method used by the EDF, namely, to supply financial aid to improve and diversify the production of the AAMS, is an example of international measures aimed at providing at least equivalent advantages. In the interval before the investments bear fruit, all possible steps should be taken to protect the established interests of the African countries concerned, whose economies are not in a position to withstand sudden upheavals. The problem transcends the bounds of the EDF and the associated countries alone. It would be desirable to set up a consultative agency, including the main developed countries which supply aid and the developing countries, to be responsible, *inter alia*, for calculating as exactly as possible the preferential advantages derived not only in the framework of association with the EEC but also under other preferential systems.

¹⁰ This refers to recommendation A.II.1, Section II.A.6, which stipulates: "Preferential arrangements between developed countries and developing countries which involve discrimination against other developing countries, and which are essential for the maintenance and growth of the export earnings and for the economic advancement of the less developed countries at present benefiting therefrom, should be abolished *pari passu* with the effective application of international measures providing at least equivalent advantages for the said countries. These international measures should be introduced gradually in such a way that they become operative before the end of the United Nations Development Decade."

Other recommendations have been made on aid for developing countries and are awaiting implementation. For example, in 1960 the UN General Assembly unanimously adopted a resolution according to which the developed countries would undertake to transfer 1 per cent of their GNP each year to the developing countries as their contribution to the attainment of the targets of the United Nations Development Decade. Such a goal was confirmed at UNCTAD I in 1964. Nevertheless, since 1961 the net flow of development capital from the developed market economies has been declining steadily in relation to their GNP. By 1966, the ratio had fallen to about 0.7 per cent. Also, the flow of development assistance from the socialist countries has increased at less than 1 per cent *per annum* of the increase of their GNP.

During the period 1961-1966, the combined gross income of the developed countries increased by about \$400,000 million, but net capital transfers to the developing countries increased by only \$400 million, or 0.1 per cent. Obviously, there has been no shortage of real resources in the donor countries to account for the failure of aid to grow. The balance of payments situations of a number of principal donors, such as Italy, Japan, the United States, and the United Kingdom, have been cited as the immediate cause of the decision not to increase aid or even to reduce it. Since 1962, the growth rates of aid from the United States and the United Kingdom have declined, and the legislative or executive bodies of these two countries decided even to reduce foreign aid allocations for 1967/68. The United States reached a like decision for 1968/69. Even donor countries without balance of payments problems have shown the tendency to increase aid only slightly or even to reduce it, e.g., France. Furthermore, it would appear that the influence of foreign aid on balance of payments difficulties and the significance of savings from aid reduction have been over-estimated.¹¹ The more appropriate explanation is that as resources have grown in the developed countries, the claims of external assistance have had low priority in the allocation of these resources. A decision must be made as to whether it is feasible, or politically useful, to approach the question of the volume of aid in terms of an attempt to get existing commitments implemented, which would entail the agreement of the developed countries to increase the volume of their aid over a period of years until it reached the target level of 1 per cent of GNP. In view of the situation in both donor and recipient countries, the time-table for such a programme cannot realistically be made for a period of more than five years.

It has become necessary to work out separate agreements on targets for the flow of public assistance, which is the dominant element in the total flow of aid and is also subject to a special set of policy

instruments arising from the political arrangements in donor countries. Governments of the donor countries can make only limited and non-operational commitments on the flow of private long-term capital. The more advanced countries might be requested to agree to a target that the flow of public assistance maintain a certain minimum ratio to gross income, for example, a figure of approximately 0.75 per cent has been mentioned, without prejudice to the over-all target concerning the net flow of total financial assistance. This particular target in the field of public assistance should be implemented by 1971. The advanced countries should also be asked to halt the trend towards a diminution of the share of aid in the allocation of budgetary resources. Moreover, the Governments of developed countries should undertake to assure that aid targets on a net basis are achieved, by taking appropriate action with regard to the weight of repayment liabilities resulting from the gross flow of aid, or with regard to the automatic re-lending of receipts on account of repayments of aid by developing countries.

The resources of the African Development Bank must be increased. Unlike the other two regional development banks, the membership of the African Development Bank is restricted to countries in the region. For this reason, its resources are more limited. While maintaining its independence by excluding non-African countries from membership, the African Development Bank still might request donor countries to contribute to a "Fund for Special Operations" within the Bank, similar to the one in the Inter-American Development Bank.

The UNCTAD discussion of the need to improve the terms of assistance emanates from resolution 2170 (XXI) of the UN General Assembly, in which the donor countries agreed that "not later than by 1968" at least 80 per cent of assistance should be in the form of grants, together with loans at interest rates of 3 per cent or less and with repayment periods of 25 years or more, except that where countries provide 70 per cent or more of their total official assistance in the form of grants or similar contributions, this in itself should be regarded as full compliance with the target. The donor countries in the Development Assistance Committee of the OECD adopted a similar recommendation in 1965.

As shown in Table 69, the average term of loans provided by DAC member countries in 1966 was 23.5 years. This was an improvement over 1965 but was below the 1962, 1963, and 1964 averages. The longest term average was granted by Canada in 1966, 34.3 years, and the shortest in 1966 was that of Austria, 6.5 years. In addition to Canada, the United States and Portugal adhered to the resolution mentioned above with respect to the loan period in 1966, but Canada and the United States were the only two countries to adhere to both the period and interest rate provisions on loans. As for the rate of interest, the average for all DAC members was 3.1 per cent in 1966. After Denmark, which granted

¹¹ See OECD, *Development Assistance Efforts and Policies, 1967 Review*, pp. 115-118, for a more detailed discussion of the question.

Table 69. Average financial terms of bilateral aid loans, 1962 — 1966

Country	Weighted average of loan periods (years)					Weighted average of interest rates (per cent)				
	1962	1963	1964	1965	1966	1962	1963	1964	1965	1966
Australia	-	-	-	-	-	-	-	-	-	-
Austria	-	-	-	5.0	19.0	8.8	7.7	6.5	6.0	3.0
Belgium	-	-	-	-	-	20.0	16.2	13.9	-	-
Canada	-	-	-	11.6	12.5	25.1	32.9	34.3	6.0	6.0
Denmark	-	-	-	-	-	19.1	13.7	18.7	-	-
France	-	-	-	17.0	15.0	15.6	17.6	15.3	4.0	4.2
Germany	-	-	-	15.2	18.5	18.1	16.9	21.2	4.4	4.3
Italy	-	-	-	5.8	8.7	9.3	6.3	8.0	6.1	6.1
Japan	-	-	-	10.0	15.0	16.0	12.0	14.1	6.0	5.8
Netherlands	-	-	-	26.5	23.8	24.2	23.9	23.6	4.0	4.8
Norway	-	-	-	-	-	17.0	16.0	-	-	-
Portugal	-	-	-	18.9	20.2	16.3	21.5	25.9	4.0	3.3
Sweden	-	-	-	-	-	20.0	20.0	20.0	-	2.0
United Kingdom	-	-	-	24.3	21.0	24.0	22.2	23.9	5.8	4.8
United States	-	-	-	28.6	32.5	33.4	27.9	29.3	2.5	2.0
Total DAC countries	-	24.5	25.1	28.4	22.3	23.5	3.5	3.3	3.1	3.6

Source: OECD, *Development Assistance Efforts and Policies, 1967 Review*.

interest-free loans, the United Kingdom charged the lowest interest rate, 1.0 per cent, followed by the Netherlands and Sweden, 2.0 per cent; Canada, 2.4 per cent; Belgium, 2.8 per cent; and the United States, 3.0 per cent. These are averages, and, for example, as previously explained, amortization periods and interest rates vary on loans from the United States according to the source and the programme.

The deadline for the implementation of these targets has arrived, and the issue now resolves itself into finding out whether the donor countries intend to implement this resolution. The efforts made in 1966 towards extending the terms and reducing the interest rates on loans are encouraging signs, but it is impossible at the moment to forecast whether or not this trend will prevail during the coming years. In any case, the terms in 1966 were less favourable than in 1964. Since the U.S. decision to abandon soft terms for its bilateral loans subsequent to the establishment of IDA by the international community for such loans, in general interest rates have risen, maturities have shrunk, and grace periods have diminished. In short, there has been a hardening in the terms of aid. The implication of this trend has been succinctly stated in a recent study by UNCTAD: "If gross inflows of grants and loans were to continue at present levels, and present average terms and conditions were maintained, the net inflow of grants and loans would decline from \$7.4 billion in 1966 to \$4.4 billion in 1975, and net lending alone would become negative after the year 1975."¹²

There have been other manifestations. Grants have continued to constitute a smaller segment of the total flow of external capital. The sharp fluctuations which have characterized the flow of long-term private capital have forced some developing

countries during periods of downswing to resort to utilization of commercial credits to meet the capital requirements of their development programmes. Many of them have also had to borrow long-term capital at unfavourable terms during such periods. The growing practice of aid-tying has had the effect of preventing the beneficiary countries from enjoying the advantages of specialization on the international market, since they are not permitted to purchase supplies where they are least expensive. Thus, tied aid has often increased the cost of aid or, in other words, reduced its real value to the receiving country, while giving some compensating advantage to the donor. On the multilateral side, the current lending terms of the IBRD have contributed to a worsening of the global average terms of aid loans.

Often, changes in the terms of aid contribute towards aggravating the effects of a fall in the volume of assistance or neutralizing the positive effects of an increase in volume. Thus, the recent improvement in British aid terms, e.g., interest-free loans, may be neutralized by a decision on the part of the British Government to lower aid allocations. On the other hand, the increased contributions of the United States for a time to the flow of international financial resources for aid was counterbalanced by the deterioration of aid terms, e.g., a lower proportion of grants, higher interest rates, and an increase in the amount of tied aid. The situation will even worsen in the coming years, following a decision by the United States to reduce the volume of aid. The problem is how to arrest these adverse effects without reversing the positive tendencies associated with them. The underlying principle which developing countries should seek the agreement of donor countries to accept and observe is that no further deterioration in the terms of aid be allowed to take place, while at the same time they undertake to meet the pronounced objectives on the volume of aid.

¹² UNCTAD, *Problems of Debt Servicing* (TD/B/C.3/36).

In regions outside Africa, the intervention of regional institutions, such as the Inter-American Development Bank, and of consultative machinery on aid has often assured some protection against the immediate worsening of the terms of aid when policy changes have been made by the major donor countries. However, most African countries have had to depend upon the ordinary machinery of aid and therefore have felt immediately the deterioration in the terms of aid. Accordingly, it is necessary for the African countries to join in the general search for some agreed means of halting the deterioration of the terms of aid and subsequently improving them and also to press for special machinery to protect them against reversals which may occur in the implementation of these general international policies.

There are several possibilities to pursue for the improvement of the terms of development assistance. From the second session of the Committee on Invisibles and Financing Related to Trade, it would appear that there is a readiness on the part of donor countries to fulfil the DAC recommendation. Thus, "the representatives of many developed market economy countries placed particular emphasis on the need to fulfil the recommendation of the Development Assistance Committee (DAC) of the OECD on financial terms and conditions and (several) indicated the steps which they were taking to soften the terms of development assistance in conformity with that recommendation."¹³ On the other hand, "some of them considered that full compliance with the DAC recommendation would require more time."¹⁴ Many donor countries have made a genuine effort, and it is to be hoped that this effort will be pursued so that the objectives of the UN General Assembly and DAC may be reached in time. UNCTAD II should try to obtain a clear promise, and if possible a time-table, for further improvements in aid conditions after 1968.

If agreement can be reached to set up consultative machinery between donor and recipient countries, the following suggestions would stand a better chance of being carried out in the period after UNCTAD II:

- 1) With respect to suppliers' credits, the possibility of separating within the export credit organizations of donor countries the flow of credits to developing countries should be pursued in order to obtain concessionary provisions over the conventional terms covering credits to developed countries.
- 2) The interest-free principle could be pushed as a general principle for acceptance by all bilateral donors. It is not unreasonable to expect that efforts at maintaining an equitable distribution of the development assistance "burden" among donor countries will yield

¹³ UNCTAD, Report of the second session of the Committee on Invisibles and Financing Related to Trade (TD/B/118, TD/B/C.3/51).

¹⁴ *Ibid.*

positive results for the developing countries in terms of more favourable terms of aid. Apart from Denmark, the United Kingdom was the only country which so far has offered interest-free loans, but it already has reduced the volume of its aid contribution, apparently because of balance of payments strains. On the other hand, the hardening of loan terms by the United States is believed to have been in response to rather stringent policies on the part of European countries. Adoption of the interest-free principle by more countries would be an inducement for the United States to reverse the trend in its terms of lending.

- 3) In multilateral assistance, agreements should be secured on refraining from the introduction of restricting conditions into the system of operation of the multilateral agencies, particularly IDA.
- 4) Just as any improvement in the terms of lending of the IBRD will bring about global improvement, so will increases in the resources and the lending of IDA, provided that the terms of lending are not made more difficult. Since IDA is a multilateral organization which makes loans to public authorities on favourable terms and this kind of assistance seems most suitable to African countries, the latter should insist that the developed countries build up the resources of IDA and raise their contributions to it.
- 5) It should also be possible to bring about further improvement through the creation of an intermediate lending facility between IBRD and IDA, which would utilize part of the reserves of the IBRD to extend loans on what are essentially subsidized terms. The allocation of, say, \$1,500 million to \$2,500 million from these funds would be of particular interest to African countries in the financing of continental infrastructure, since, in most cases, they cannot pay the present cost of regular IBRD loans nor can they compete for IDA funds against India and other countries backed by consortia established for them. This suggestion could be a first step towards the practical application of principles contained in a proposal which is roughly as follows: An institution borrows capital on market terms. This capital is lent to developing countries on terms very similar to those of IDA, the difference between the market rate and the rate of the loans being covered (subsidized) by means of an "interest equalization fund" maintained by contributions from the developed countries or from IBRD profits.
- 6) The European Development Fund, which also gives capital assistance by both grants and loans, is due for renegotiation next year. Despite its limited country coverage, UN-

CTAD II might express a wish that the Fund be increased, on condition, however, that (a) such increase is an additional element in the aid programmes of countries like West Germany and Holland, which might otherwise transfer resources from their general aid programmes to the EDF, and that (b) further improvements in the terms, e.g., a further increase in the element of interest subsidy now granted on the commercial portions of the operation, might be made, so that the terms of aid provided by these transactions might be made fairly similar to IDA terms.

- 7) A multilateral attempt at untying aid should be made, so that such aid might be granted on a sound economic basis. The United States reportedly is setting a minimum figure on the share of exports resulting from IDA loans which must come back to U.S. enterprises in order to free its new IDA contributions from tying conditions. This criterion could usefully be turned around by African and other developing countries. It might be possible to secure agreement that countries which already receive a certain minimum of such orders from their aid disbursements should not be entitled to tie their loans. A further arrangement might be made whereby countries which do not attain the minimum ratios of export orders as return to aid disbursements would be able to draw on international credit, perhaps through the IMF, up to an amount which limits the net foreign aid costs of the aid programme to an agreed ceiling. If this ceiling were set from the beginning even at a low level, say, 30 per cent, it would then be the aim to seek a relaxation of the conditions through successive agreements with the capital exporting countries.
- 8) The principle of untied aid is an ideal which should be pursued by all the developed countries. It should be recognized, however, that the monetary and fiscal systems of the centrally planned developed countries would make it difficult for them to provide all of their aid in non-tied liquid form at this time. As a start, they could be requested to: (a) make a certain portion of their aid available to the developing countries in international convertible currencies taken from their international payment reserves and granted in untied liquid form; (b) permit utilization by the developing countries of the remaining commitments for purchasing supplies from any CMEA member country, thereby giving the former the opportunity to benefit from the comparative advantages enjoyed by the latter. This "multilateralization" could be facilitated by the centralization of all commitments undertaken by the centrally planned countries in one institution, which would

then indicate to the developing countries the amounts available to them for purchases from the CMEA countries.

Aid requirements of the various regions differ. There is a need for special arrangements to supervise the implementation of the over-all targets of international assistance in each region. Thus the inter-American system has evolved towards putting assistance to the Latin American countries on a rational and long-term basis, taking account of the particular circumstances of that region. In Asia the consultative groups set up to deal with the requirements of India and Pakistan give special attention to the transfer of the bulk of international assistance going to that region. Arrangements are now evolving to take care of the aid needs of Indonesia. They already exist for a number of other countries in the Far East, and the Asian Development Bank seems assured of the resources to operate as a truly multilateral institution for channelling aid to that region.

Consultative groups have recently been set up for a small number of African countries. It would be advisable to set up one unit of consultative machinery for the African region as a whole, so that problems common to all African countries could be considered together and an equitable distribution of available resources could be made.

The machinery of the OECD has succeeded in putting the consideration of aid questions by donor countries on a practical and objective basis. However, unlike the inter-American system and the consultative group arrangements which the IBRD has organized for certain developing countries, the OECD machinery does not at present provide opportunities for systematic consultation between donors and recipients. Such consultation has proven useful in a number of aid programmes and seems to be absolutely essential if the actual implementation of any agreed international targets concerning the volume of aid is to be hoped for in a reasonable period. It would therefore be advisable to recommend consultative machinery between the recipient countries which are members of UNCTAD and the donor countries now grouped in the OECD to keep under review the steady implementation of the agreed targets concerning the volume of aid and to define a more rational international system for the long run.

There is a possibility that in some important circles in both donor and recipient countries the achievement of the targets of the DAC and the UN General Assembly resolution will become an end point in considering improvements in the terms of aid. Since these targets were already agreed upon for implementation by 1968, the question for UNCTAD II will not be simply whether there is a firm promise and time-table for their achievement by 1968, but also what targets for further improvements in the terms and conditions of aid should be set for post-1968. However, a joint consultation and

implementation committee would also have several other functions and tasks to discharge:

- 1) to establish programmes of consultation and action to ease the terms and improve the conditions and effectiveness of aid;
- 2) to rationalize the utilization of commercial credits;
- 3) to streamline terms and conditions of aid extended by different donors;
- 4) to assist in efforts at the elimination or reduction of aid-tying;
- 5) to suggest ways and means of encouraging a larger flow of private long-term lending and inducing a larger reinvestment of earnings from private investment.

With respect to official contributions, besides stepping up the total volume of aid, the greater multilateralization of aid, and the commitment to provide a volume of donations and grant-like transfers which would rise proportionately with income, the joint UNCTAD/OECD Consultative Group could consider the implementation of a number of other schemes proposed on various occasions, such as:

- 1) loans to international and regional finance institutions on concessional terms;
- 2) automatic re-lending of amortization and interest payments received from developing countries on official loans;
- 3) provision of more technical assistance through regular arrangements with multilateral agencies.

The rate at which debt-servicing obligations of developing countries are mounting leaves no doubt that these countries are heading toward crisis, which has already been reached by several countries. Under existing international practice a debt problem is acknowledged only when the situation has evolved into a financial crisis. It would be far better to have machinery for dealing with debt problems before that point is reached. In most cases, it is easy to tell when a crisis is coming. It would be unrealistic to continue to treat debt crisis as if it was affecting only a few countries. Although some countries are facing more serious problems than others, the debt problem is such a common phenomenon in the world of developing countries that its treatment should be based on principles which are capable of general application. Naturally, there will always be some countries requiring immediate and more comprehensive measures. However, international policy should be based on the potential dimensions of the debt problem rather than on finally revealed manifestations. Action should be preventative in so far as is possible. There is no contradiction between this approach and the now accepted position that the treatment of debt-servicing problems requires both short-run and long-run measures.

Debt-servicing problems have arisen primarily because of the persistence of unfavourable terms and conditions of aid, and therefore measures to avoid the problem in the long run must consist mainly in adjusting the structure of interest rates and maturities of loans and the ratio of grants to loans in the total of foreign aid. Where crises have already arisen, a liberalization of the terms of new financial assistance is not enough. Renegotiation of debt with the aim of rescheduling repayment liabilities is usually necessary. The sharp increase of short-term credit in recent years, particularly the disproportionate growth of commercial credits in the aid flow, has been the principal reason for the difficulties in debt repayment.

Despite general agreement on the necessity for measures to deal with the debt problem, not much has been accomplished. There is a reluctance to deal with cases where a crisis has not already occurred. When action is finally taken, the absence of established machinery or agreed principles for such action often makes the measure taken quite ineffective. Some measures have consisted only of postponing the crisis for a few months. There is some reluctance by debtor countries to ask for renegotiation and rescheduling of debt, since this might adversely affect their creditworthiness and chances of securing further development assistance. This fear is not completely without justification, given the general approach of donors.¹⁵ There appears to be greater emphasis on the inefficiency of developing countries, particularly in debt management, than on the persistent and growing deterioration of the terms of borrowing.

A number of general principles can be recommended for African and other developing countries to sponsor in the UNCTAD discussion of the debt question:

- 1) Treatment of crises resulting from excessive repayment obligations should be applied more systematically, rather than on an *ad hoc* basis. This does not mean the application of one rigid formula to all cases, but it does emphasize the need for basic principles to provide the guide-lines for action.
- 2) To tackle the problem effectively, the creation of some standing arrangement will be necessary at least for the period in which the bulk of rescheduling is expected to arise.
- 3) In determining which cases require action to reschedule debt, the criterion should be the potential debt-servicing position of each

¹⁵ See, for example, IMF, *Annual Report 1965*: "A formal renegotiation may serve to improve and gradually restore the credit of a country that is in serious difficulties in meeting its obligations, and enable the debtor to avoid a default, with its damaging effects on the international credit structure. Yet it may not suffice to restore the debtor's creditworthiness to the level at which it would have been if renegotiation had not been necessary."

country, based upon projections. Hence, it is necessary to evaluate the present situation realistically and identify the group of countries which face potential crisis rather than to concentrate only on the obviously acute situations, which is the present approach.

- 4) Although the debt-servicing problem is more often caused by private lending than by official aid transactions, a significant contributory element of private lending is short-term suppliers' credits, most of which are publicly guaranteed. Until more permanent institutional improvement is brought into the system of financing, it may not be unreasonable to recommend that governments of donor countries assume the financing of suppliers' credits and transform them into long-term obligations when the recipient appears to be under debt-servicing stress.

Since export trade and sometimes the level of export prices decisively affect government revenues in many developing countries, instability in the export sector has often caused interruptions in the steady implementation of development plans. This leads to many diseconomies and also is an impediment to the maintenance of that degree of confidence which is required to stimulate private investment. In many cases a revival of export markets soon follows, and the average of good years and bad provides the developing country with enough resources to finance the planned programme of development. The interruption with its attendant losses is therefore seen in retrospect to have been unnecessary and to have been forced on the country because of inadequate temporary means of financing. A proposal therefore was made to set up machinery to furnish developing countries in temporary difficulties from export fluctuations with long-term loans to bridge the gap and to enable them to maintain a steady and more rational pace of development.

The scheme has been studied by IBRD since UNCTAD I, and proposals have been evolved which meet most of the outstanding problems requiring solution before implementation of the scheme. The most important remaining questions are the definition of the "policy package", the neglect of terms of trade considerations in the present scheme, the treatment of "overages", and the speed and mechanics of the systems to be set up for effecting the required transfers of supplementary assistance.

It is desirable that the agreement between the executing agency and the recipient country cover policy commitments similar to those involved in the operation of IBRD consultative groups, i.e., agreement on a number of general macroeconomic targets buttressed by more detailed projections in the export sector. Because of differences in the economic situations of the various developing countries, a uniform degree of elaboration of the policy package is both unattainable and unnecessary. The elabo-

ration of the content of each package would have to be worked out on a pragmatic basis.

In view of prevailing uncertainties in the whole field of aid, the responsibility of donors may best be approached through estimating the financial requirements arising from export fluctuations, as has been proposed by the IBRD. The developing countries might agree to accept these estimates as a limit for an initial period of, say, five years, to be revised to actual requirements after the scheme has been tried for some period.

Since it seems unrealistic to expect universal agreement on all aspects of the statistical methods to be employed on export projections, the matter should be entrusted to a statistical service within an agency the competence of which is accepted by all parties and which could be advised if necessary by a technical committee of representatives of participating countries. It is legitimate to formulate export projections covering the entire term of the scheme and based on an objective analysis of market conditions.

As for overages, it may be difficult for most developing countries to ensure that unforeseen increases in export earnings will be saved, even where the export of major commodities is controlled by the government. Moreover, to do so would be to freeze certain export earnings as idle reserves, at least temporarily, which is not beneficial for development.

Since the proposed policy package and export projections involve the range of problems under surveillance by the IMF, the developing countries might concede the principle that the administering agency and the IMF should closely co-ordinate their activities and invite the interested donor governments to propose details of how this might be done. On the speed and periodicity of the transfer of funds, a system similar to the one devised by the IMF could be adopted. It would be preferable, however, if interim drawings were allowed, to cover practically the whole estimated current shortfall in export receipts. This would avoid inflation or an accumulation of expensive short-term debts which could occur if the recipient country had to wait many months for the completion of negotiations and other formalities before it could draw on assistance.

Many of these outstanding issues are readily negotiable or can be handled by a responsible executing agency. There is a risk in the present discussion that an excessive concentration on difficulties, real and hypothetical, could hold up a scheme of supplementary financing. African countries are extremely liable to export instability and should exert their weight on the side of getting the scheme started on the basis of whatever satisfactory compromises can be achieved. Later, in the light of experience, it might be possible to expand the system to take into account variations in the prices of imports, the

over-all development needs of the beneficiary countries, and other factors.

Balance of payments strains have often been put forward by major donor countries as explanation for the failure to step up their contribution to development assistance as well as for the tendency towards hardening their terms of aid. Persistent balance of payments difficulties, especially in reserve currency countries, have stimulated moves to reform the international monetary system. Agreement has now been reached on a generally acceptable plan for deliberate reserve creation should world liquidity prove inadequate. If the various constitutional processes approve the plan, there will be a new international financial instrument by 1969 to sustain and increase the volume of world trade. The existence of these resources would be of great importance to developing countries, both for trade and development assistance, since their economies and especially their exports are subject to more frequent and severe short-term fluctuations than the developed countries. Unlike the latter, they do not have the reserves or credit facilities to make the necessary adjustments during periods of difficulty and so must curtail essential imports.

In the later stages of planning this new system of international credit, the interests of the developing countries were brought more closely to the attention of the developed countries as well as of the international institutions concerned, partly because of the concern expressed at UNCTAD I and the setting up of an expert group to study the problem of international liquidity with special reference to the needs of developing countries.

The expert group strongly recommended that for the success of a world monetary system, it must be truly international. It also concluded that "it is both feasible and desirable to establish a link between the creation of international liquidity and the provision of development finance, without detriment to either process."¹⁶

The system now proposed is international in that developing countries will have a share in the credit facilities to be created, unlike some previous credit arrangements under the IMF, and will also

be associated in the management of the scheme. However, agreement has not been reached on the creation of a link between the new liquidity arrangements and an obligatory increase in the transfer of aid by any developed country which makes use of it, a proposition which has been put forth by the developing countries. It would not be wise for African and other developing countries to make their participation in the scheme conditional upon the acceptance of the link in the form originally proposed, but the search must be pressed for some means of enabling African and other developing countries to benefit more from the scheme than is now likely.

The present proposals would yield relatively little benefit to African countries for two reasons. First, the African countries belonging to the franc zone have a system of import programming (called the operations account) which makes it unclear how they could make use of the new facilities to supplement their import capacity. Second, the new reserve assets are to be shared among countries in proportion to their present quotas in the IMF, which means that the share for Africa will be very small. In addition, because African countries derive so much of their requirement in the monetary sector from other regions and have such a small share in supplying the needs of other regions, most of the credits allocated to them would come after the very first round of transactions and would not contribute much to stimulate local productive activities. By contrast, the developed countries would spend their allocations on each others' goods, while Africa was experiencing only a once-for-all gain of credit to spend on imports.

If by international decision the richest countries are to obtain supplementary claims to real resources and their balance of payments problems, which have been adduced as the case for reductions in aid, are also going to be eased, then there would seem ample reason to insist that they should make further contributions to international development proportionate to these gains. While leaving the exact modalities for later negotiation, the African countries would do well to mobilize other developing countries behind the demand that the developed countries make some commitments to increase their aid in conjunction with the effective date of the new international credit system.

¹⁶ UN, *International Monetary Issues and the Developing Countries* (Sales no.: 66.II.D.2).

Annex

At the close of a preparatory meeting for the Ministerial Meeting of the Group of 77 at Algiers, the African countries adopted the African Declaration of Algiers. This Declaration contains the recommendations of the African countries on the various questions on the agenda for UNCTAD II. The text of the recommendations concerned with financing is quoted here:

THE AFRICAN STATES

"1. Basic Finance

Recommend:

- (a) that the developed countries should devote 1 per cent of their gross national product to assist in the development of the developing countries and that this target be met by the end of the United Nations Development Decade;
- (b) that developed countries should increase grants and that they should soften the terms and conditions of loans, and in this respect, the maturity date for loans to the agricultural sector should not be less than 50 years with a grace period of at least 10 years and at an interest rate not exceeding 0.75 per cent, and that the maturity date of loans to the industrial sector should not be less than 30 years with a grace period of 10 years and at an interest rate of 2 to 3 per cent;
- (c) that the First Part Countries should replenish the resources of the IDA, and increase their financial contribution to that institution;
- (d) that the share of Africa in aid should be increased so that the region will receive equitable treatment;
- (e) that aid should be untied;
- (f) that no developed countries should decrease the existing level of their aid to developing countries, especially those forms of aid granted through negotiations;
- (g) that all developing countries should support all those among them which have negotiations with the developed countries either individually or in groups to obtain increased aid;

- (h) that with regard to the agricultural and infrastructural projects, developed countries and financial institutions, while considering the financial benefits of these projects, should take more into account their social and economic benefits;
- (i) that the governments and financial institutions of the developed countries should extend and intensify their material support to African financial institutions, in particular the African Development Bank;
- (j) that the governments of developed countries and international financing institutions grant to developing countries effective and increased assistance in the preparation of requests for aid and in the training of national personnel for that purpose;
- (k) that aid should be considered in terms of net inflow rather than in terms of gross inflow;
- (l) that with regard to countries with heavy external debts, refinancing of old debts should be on soft terms, especially with long period of grace.

"2. Supplementary Financial Measures

Recommend:

- (a) that the studies carried out by the World Bank should be regarded as a basis for the early implementation of this scheme which is of a great importance to Africa and other developing regions;
- (b) that on the basis of the recommendations to be submitted by the Expert Group, the second UNCTAD should proceed to a negotiation for an agreement for implementing the scheme by early 1969.

"3. International Liquidity and Aid

Recommend:

- (a) that the developing countries be closely associated with any negotiations relating to the further evolution of international arrangements concerning the question of liquidity;
- (b) that the decisions on this question should be regarded as not fully meeting the requirements of the developing countries until they are supplemented by an agreement to link the activation of the scheme of special drawing rights with an increase in the flow of aid by means of an appropriate formula."

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