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EAST AFRICA: DEVELOPMENT TRENDS AND PROBLEMS

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## A. INTRODUCTION

1. The East African sub-region englobes a total area of about 5.5 million square kilometres or about 18 per cent of the continent's area. It lies approximately between latitudes  $13^{\circ}\text{N}$  to  $25^{\circ}\text{S}$  and is bounded on the west by the Sudan, the Congo and Angola, on the south by Mozambique and South Africa. Its coast is washed by the Indian Ocean, the Red Sea and the Gulf of Aden. It forms a belt approximately 1,200 kms. wide and 4,250 kms long, embracing 10 independent nations and two territories.<sup>1/</sup> Total population in about 1960 was estimated at 68 million, or one forth of the total of the African continent.

2. The sub-region can be divided into several natural zones, based mostly on a variety of relief and climatic conditions, which provide a key to the understanding of the pattern of population distribution and economic activities. According to the FAO Africa Survey, the sub-region can be sub-divided into the six following zones:

- (a) Eastern equatorial desert and sub-desert zone
- (b) Eastern equatorial savannah zone
- (c) Eastern coastal zone
- (d) Lake Victoria
- (e) Eastern and Central Plateau
- (f) East African Highlands

the last three are the most important zones for rapid economic development.

The Lake Victoria Zone

3. This area comprises mainly the Lake Victoria depression and areas to the north and west of the Lake. The western part has a relatively high rainfall of more than 1,000 mm. annually. This is the most fertile and densely populated area of former British East Africa; its major

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<sup>1/</sup> It includes the following countries: Ethiopia, Somalia, Uganda, Kenya, Tanzania (which includes the off-shore islands of Zanzibar and Pemba), Rwanda, Burundi, Zambia, Malawi, Rhodesia, Madagascar and Mauritius.

export crops are cotton, coffee, sugar cane and groundnuts. Food crops include maize, millet and sorghum, plantains, bananas and pulses.

#### Eastern and Central Plateau

4. This is a vast tableland straddling the eastern and central parts of former British East Africa, attaining heights frequently exceeding 1,200 metres and rising to even high altitudes in certain locations. This zone which is divided by the two arms of the East African Rift Valley possesses great ecological variations. Rainfall and temperatures also differ widely because of the great variations in altitude with precipitation oscillating between 2,540 mm. yearly in the highlands, to about one-tenth of this or even less in some parts of Tanzania. Similarly, as a result of marked differences in temperature and altitude, the soil reveals substantial pedological variations. Major zonal export crops are groundnuts, tobacco and sisal; food crops include maize, sorghum and cassava.

#### East African Highlands

5. This area embraces a substantial part of Ethiopia, Kenya, as well as Rwanda, Burundi, and some parts of Rhodesia. It reaches its greatest altitude in Ethiopia and Kenya, but generally ranges about 1,500 metres above sea level and is characterized by high rainfall and mild temperatures. Where deep and fertile soils prevail, combined with adequate rainfall, permanent and dense settlements can be found. Maize, sorghum, plantains and bananas, are the principal food crops while the most important export crops are coffee, tea and pyrethrum.

## B. HUMAN AND LAND RESOURCES

Population

6. The sub-region's human and land resources hold the keys to its social and economic contours. An overwhelming proportion of the people still live in rural areas with more than four-fourths wholly dependent on agriculture for their livelihood. In many areas they eke out a bare subsistence from a nomadic and semi-nomadic way of life. This is strikingly so in Somalia where about two-thirds of its inhabitants are nomadic, directly dependent on stock raising.

7. As shown in Table 1, the population of the East African sub-region, in about 1965 was estimated at 75 million. Within it there are of course considerable demographic inter-country variations and only two have populations which exceed 10 million, namely Ethiopia and Tanzania. Behind the average over-all density of some 14 persons per square kilometre for the sub-region as a whole, there are great inter-country differences, ranging from about 3 persons per square kilometre in Somalia, to more than 100 for Rwanda and Burundi and rising to 350 for Mauritius.

8. Moreover, population densities vary not only between countries, but equally within each country: In Kenya, for example, the over-all density is about 15 per square km; but in the Central province this rises to about 67, whereas in the Northern frontier province, there is an estimated density of 2 only. Equally in Somalia which has one of Africa's lowest over-all densities, regional differences are striking, with a varying density ratio of 1 to 14. In Madagascar, the greatest population concentration occurs in the eastern seaboard, in the Tananarive region and in the lower Betsiboka river valley; in Tanganyika there are enormous tracts mainly in the Western region which are sparsely populated, while certain highland areas betray symptoms of population pressure.

9. For the decade 1950-1960, the average sub-regional population growth rate was some 1.8 per cent. In the last five years this rate exceeded 2 per cent, which was somewhat lower than that of the West and

North African sub-region. There are four countries whose growth rates exceed 3 per cent: Burundi (4.9), Somalia (3.2), Rhodesia (3.3) and Mauritius (3.1). The major reason for differences in these rates would appear to stem from declines in mortality and varying rates of net migration.

10. Emigration has also played an important role in the region's economic development. Traditional emigration to mines and urban centres seen in Malawi and Rhodesia in recent years has led to a fall in their rural labour force. It has been estimated that, (according to the 1961 census), over one-half<sup>1/</sup> of the Malawian wage-earners are engaged in the copper belt mines of Zambia or Witswatersrand mines in South Africa. They remit £2 million home annually: Malawi's budget is £15<sup>1</sup>/<sub>4</sub> million.

11. There are considerable variations in the percentage of total population in towns of 20,000 and more inhabitants, ranging from around 1 per cent for Uganda to 27 per cent for Mauritius. It appears that there are only eleven cities with populations exceeding 100,000 and no urban centres exceeding half a million. Judging by the record of other developing countries, the sub-region has yet to experience a serious wave of urbanization with its resultant increase in variations and sophistications in diet. This phenomenon would then lead to larger food import bills; if, as is so often the case, agriculture and industry fail to meet the challenge from internal resources. This way lie balance of payments difficulties that obstruct development in many countries today.

12. Another important demographic feature is the prevalence of relatively large and economically powerful non-African groups, i.e. Europeans and Asians. In some areas, Europeans play a pivotal role in agriculture, mining and industry, domestic and foreign trade, with their share in total population varying from 5 per cent in Rhodesia in 1963 to 0.2 per cent in Tanganyika and Uganda around 1958. Although a segment of the European population has been settled for one or two

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<sup>1/</sup> The Economist, 7-13 August, 1965, Southern Africa Survey Supplement, page xvii



TABLE I  
EAST AFRICA: AREA, POPULATION AND DENSITY

Countries and sub-regions	Date and Year of Independence	Area (000 km <sup>2</sup> )	Per Cent	Population (mid-1965) Population estimate ('000)	Per Cent	Recorded Rate of Population Growth Period Rate	Density
1. Ethiopia	Ages	1,184	21.6	21,750	28.9	1957-62 1.6	18.4
2. Tanzania	Dec. 9 1961	940	17.1	10,490	14.0	1948-57/ 1.8	11.2
						58	
3. Zambia	Oct. 24 1964	746	13.6	3,675	4.9	1958-62 2.8	4.9
4. Somalia	Jul. 1 1960	638	11.6	2,190	2.9	1953-62 3.2	3.4
5. Madagascar	Jun. 26 1960	596	10.8	5,775	7.7	1958-62 2.8	9.7
6. Kenya	Dec. 12 1963	583	10.6	9,200	12.2	1948-62 2.9	15.8
7. Rhodesia	-	389	7.1	4,275	5.7	1958-62 3.3	11.0
8. Uganda	Oct. 9 1962	240	4.4	7,350	9.8	1948-59 2.5	30.6
9. Malawi	Jul. 6 1964	119	2.2	4,000	5.3	1958-62 2.1	33.6
10. Rwanda	Jul. 1 1962	26	0.5	2,850	3.8	1958-62 2.6	109.6
11. Burundi	Jul. 1 1962	28	0.5	2,850	3.8	1958-62 4.8	101.8
12. Mauritius	-	2	0.0	738	1.0	1958-62 3.1	351.4
			100.0		100.0		
East Africa		5,491	18.0	75,143	25.7	1960-65 2.1	13.7
North Africa <sup>a/</sup>		8,217	27.2	75,125	21.4	1960-65 2.7	9.1
West Africa <sup>b/</sup>		6,124	20.6	96,894	32.8	1960-65 2.7	15.8
Central Africa <sup>c/</sup>		5,330	17.6	25,070	8.5	1960-65 1.6	4.7
Southern Africa <sup>d/</sup>		2,668	8.8	19,940	6.3	1960-65 2.5	2.7
Others <sup>e/</sup>		2,327	7.9	13,809	4.7	1960-65 1.2	5.2
Total Africa		30,227	100.0	305,981	100.0	1960-65 2.3	10.0

Notes: <sup>a/</sup> UAR, Sudan, Morocco, Algeria, Tunisia, Libya  
<sup>b/</sup> Nigeria, Ghana, Upper Volta, Mali, Ivory Coast, Senegal, Guinea, Niger, Sierra Leone, Dahomey, Togo, Liberia, Mauritania, Gambia.  
<sup>c/</sup> Gabon, Central African Republic, Chad, Cameroun, Congo (Brazza.), Congo (Leo.)  
<sup>d/</sup> South Africa, Basutoland, South-West Africa, Bechuanaland and Swaziland.  
<sup>e/</sup> Spanish possessions in North Africa, Portuguese Guinea, Cape Verde Islands, St. Helena, including dependencies, Spanish Equatorial regions, Sao Tome and Principe, Reunion, Comoro Islands, French Somaliland, Seychelles, Angola and Mozambique.

Sources: Study on Recent Demographic Levels and Trends in Africa  
 ECA Estimates.

TABLE 2

Percentage of Total Population in Urban Areas of 20,000 and more

Country	Year	Percentage of Total Population in Towns of 20,000 and more inhabitants	Population in Cities of 100,000 and more Inhabitants as Percentage		Population of Capital Cities and other Cities over 100,000	
			Total Population	Total Urban Population <sup>a/</sup>	Cities	Population
Mauritius	1958	27.4	17.6 <sup>b/</sup>	-	Port Louis	119,900
Zanzibar and Zomba	1958	19.4	-	-	Zanzibar	57,900
Rhodesia	1964	14.8 <sup>c/</sup>	12.8 <sup>c/</sup>	86.4	Salisbury	215,500 <sup>e/</sup>
Zambia	1963	14.1 <sup>c,d/</sup>	5.8 <sup>c,d/</sup>	41.0	Bulawayo	154,800 <sup>e/</sup>
					Lusaka	100,200 <sup>e/</sup>
					Kitwe	101,600 <sup>e/</sup>
Somalia	1962-1963	8.0	6.0	75.0	Mogadiscio	90,600
Madagascar	1959	7.9	4.7	59.0	Tananarive	254,300
Kenya	1962	5.9	5.2	87.9	Nairobi	266,800
					Mombassa	179,600
Ethiopia	1962-1963	3.8	2.8	72.0	Addis Ababa	448,500
					Asmara	128,000
Malawi	1962	2.0	-	-	Zomba	22,000 <sup>e/</sup>
Tanganyika	1957	1.9	1.5	77.2	Dar-es-Salaam	128,700
Burundi	1960	1.9	-	-	Bujumbura	47,000 <sup>e/</sup>
Uganda	1959	1.2	-	-	Entebbe	10,900
Total East Africa <sup>f/</sup>	1960	5	3	60	-	-

- Notes: a/ Inhabitants in cities over 20,000  
b/ for 1962  
c/ including nearby suburbs  
d/ urban population only  
e/ urban agglomeration  
f/ estimates

Sources: UN Demographic Yearbook, 1960, 1963; ECA, Demographic Levels and Trends; Rhodesia, Monthly Digest of Statistics, November 1964; Northern Rhodesia, Preliminary Report of the May/June 1963 Census of Africans in Northern Rhodesia, 1964; Compendio Statistico della Somalia, No.1, 1964; Population de Madagascar au 1er Janvier, 1960; Kenya, Statistical Digest, September 1964; Ethiopia, Statistical Abstract, 1964; Tanganyika, Statistical Abstract, 1962; Uganda, 1963; Statistical Abstract.

generations, notably in Rhodesia and Kenya, a certain proportion of the immigrants did not settle permanently.

13. People of Asian origin (numbering around 360,000), in former British East Africa, have been increasing rapidly in the last few decades; they are still centred largely in the urban areas, dominant in petty trade and small industrial undertakings, and have been sociologically the middle strata between the Africans and the Europeans in the era of metropolitan hegemony. With the advent of independence, however, this middle position in the economic and social hierarchy has been challenged by the onslaught of African nationalism.<sup>1/</sup>

#### Pattern of land utilization

14. Data on the sub-region's land utilization pattern indicate certain distinctive traits: firstly, within countries such as Uganda, Rwanda, Burundi, Tanzania, Kenya and former British Somalia, there is a substantial difference between dryland and total area. For instance, in Uganda some 3.5 million hectares or about 15 per cent of the total area is reported to be mainly open waters. It should be noted that most of the open waters, namely Lake Victoria and Lake Tanganyika are of immense actual and potential importance for inland fisheries. The following table gives a crude image of land use by major categories.

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<sup>1/</sup> Research still remains to be done on the cultural and socio-economic impact of the Asian community. Cf. D. and Y. Chai The Journal of Modern African Studies, "Asians in East Africa: Problems and prospects", Vol. 3 No. 1, May 1965; Also Gay Hunter, Education for a Developing Region: a study of East Africa, London, 1963. According to Hunter's findings, there were 67,500 skilled persons in British East Africa in 1961 composed of 13,000 professionals and 49,500 in the category of skilled workers. Asians, according to this estimate, accounted for 40 per cent of the first category and about 50 per cent of the second.

TABLE 3

## East Africa: Land Utilization by Major Categories

Country Sub-region Continent	Total Area	Total Land Area	Agricultural Land		Forested Land	Other	
			Arable Land & Land under permanent crops	Permanent Meadow & pastures		Unused but Potentially productive	Built on on area wasteland & other
in per cent							
Mauritius	100	(95)	50	17	23	...	11
Zambia	100	(99)	41	...	50	...	10
Rwanda-Burundi	100	(93)	39	32	4	...	25
Malawi	100	...	25	5	19	...	51
Uganda	100	(87)	12	...	7	...	81
Ethiopia	100	...	10	50	4	...	37
Tanzania	100	(94)	10	35	38	...	17
Rhodesia	100	...	5	13	61	...	20
Madagascar	100	(99)	5	57	21	9	8
Kenya	100	(98)	3	7	3	...	87
Somalia	100	(98)	2	32	23	26 <sup>1/2</sup>	17
East Africa	100	...	11	32	24	33	
North Africa	100	...	4	10	12	74	
West Africa	100	...	12	6	18	64	
Central Africa	100	...	13	11	29	47	
Africa	100	...	8	20	24	42	
Latin America	100	...	5	19	47	29	
Asia	100	...	17	12	24	48	
Europe	100	...	31	18	28	23	

Source: FAO, Production Yearbook, 1963.<sup>1/</sup> Southern regions only

15. This data should be treated only as illustrating orders of magnitude since it involves very broad categories. Arable land and land under permanent crops is the most important economic category. For the East African sub-region, the percentage share of arable land in total area is around 11 per cent compared to 10 per cent for Africa. Sub-regional average shares, however, conceal important inter-country differences ranging from 2 per cent for Somalia, to about 50 per cent for Mauritius. In Somalia, Kenya, Rhodesia and Madagascar, the portion of arable land and land under permanent crops, in general, is a relatively small fraction of the total area.

16. Account should also be taken of forested land, although here again this broad category can be very misleading since it is extremely arduous to make a clearcut distinction between thinly stocked forests and wasteland. Further, the actual data do not reveal the genuine forest potentialities in separate countries.

17. Unfortunately, there is only fragmentary data on unused but potentially productive areas, save for a part of Somalia, Zanzibar and Pemba. In Madagascar, where only about 5 per cent of the total area is classified as arable land and land under permanent crops, it is believed that the arable area can be doubled. There are also some estimates for Uganda, which put the cultivable area at 14.2 million hectares, <sup>1/</sup> a figure which is much higher than the FAO's estimate for total agricultural area. To be sure, a large part of the area now currently classified as non-arable could be brought under cultivation by land rehabilitation measures and irrigation. As an illustration, it may be cited that sugar cane and citrus fruit are now being grown on irrigated land in the low veld of Rhodesia, a region that was hitherto classified as unproductive.

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<sup>1/</sup> IBRD, The Economic Development of Uganda, The John Hopkins Press, 1961, page 99.

18. Within the category of arable land and land under permanent crops, there is considerable scope for raising yields and boosting farm productivity. Changes in the indigenous pattern of land cultivation which is still technically primitive, subsistence agriculture with very low yields could definitely revolutionize farm output. This would entail not merely a metamorphosis of present land tenure systems but equally and more crucial the utilization of modern farming techniques, fertilizers and other technical inputs.

19. It should be stressed that there are factors both physical and environmental, albeit transitory, that inhibit a further extension of the cultivated area; the presence of the tsetse-fly severely circumscribes cattle raising and general human productivity. In former British East Africa tsetse-fly infestation encompasses approximately forty per cent of the land area and coincides largely with those areas which offer good prospects of mixed farming. Vigorous and concerted measures are being taken by the governments of Rhodesia, Tanzania and Zambia for eliminating this scourge.

### C. ECONOMIC AND SOCIAL LEVELS

20. The sub-region includes countries with heterogeneous economic structures, differing economic and social levels and rates of development, for instance in the countries of the former Federation of Rhodesia and Nyasaland, which operated for many years under a common development policy. Malawi's economy is exclusively agricultural; Zambia's is dominated by mining, while that of Rhodesia is more diversified. Uneven development of the productive forces is reflected in divergent per capita incomes.

#### Per caput GDP levels

21. Per caput GDP indicators should be handled cautiously and allowance made for the very wide margin of error inherent in population and national accounting estimates in the African region. Overall sub-regional per caput GDP around 1960 was about \$71 (see table 4), or approximately that of the West African sub-region, but substantially lower than the all-African average of \$117. However, there is considerable variation of average income between countries. In only four (Rhodesia, Zambia, Mauritius and Madagascar) did per caput gross domestic product exceed \$100 in 1960. Thus, Ethiopia, Malawi, Somalia, Rwanda, Burundi and Tanzania find themselves among the poorest in the sub-region.

#### Wage and employment levels

22. The problem of employment of African manpower remains one of the most vexing confronting the sub-region as a whole, with unemployment reaching ominous proportions in some of them. In some countries the absolute number of wage-employed Africans has dropped over the past decade. There were probably many causative factors behind this trend, of which one of the most important is the tendency for entrepreneurs to react to governmental introduction of minimum wages by raising technical productivity and correspondingly reducing their labour force. This is particularly the case with some of the newer industries which require larger capital inputs and a small labour force. It can therefore be seen that in many countries of the sub-region job opportunities have failed to keep in step with the growth of the overall labour force.

TABLE 4

East Africa: Per Caput GDP levels, around 1960  
(in \$ US)

Country	Per capita GDP at factor cost
1. Rhodesia	211
2. Zambia	181
3. Mauritius	180
4. Madagascar	100 <sup>1/</sup>
5. Kenya	78
6. Uganda	64
7. Tanzania	58
8. Burundi	53
9. Rwanda	53
10. Somalia	51
11. Malawi	42
12. Ethiopia	40 <sup>2/</sup>
East Africa	71
West Africa	74
North Africa	132
Central Africa	103
South Africa	499
Africa	117
Latin America	421
Asia	195
World Average	600

Notes: <sup>1/</sup> Per capita GDP at current prices  
<sup>2/</sup> Per capita GDP at constant prices  
Sources: National data



This trend is illustrated by data for Tanganyika, (Table 5), where the absolute continuous drop in numbers of African paid employees in the decade 1952-1963 was considerable.

TABLE 5

Tanganyika: Total number of African paid employees:  
skilled and unskilled

Year	1952	1960	1961	1962	1963
Total	443,597	398,250	392,786	378,125	321,742
Indices					
1952=100	100	90	87	85	73
1960=100	111	100	99	95	81

Source: Report on the Enumeration of African Employees, Tanganyika,  
July 1952, p. 4

Employment and Earnings in Tanganyika, 1963, United Republic  
of Tanganyika and Zanzibar, 1964, p.2

23. Similarly in Zambia there has been a discernible drop in the annual average number of wage earners between 1954 and 1962<sup>1/</sup>. More serious, is that within the present economic structure the actual economic surplus generated by the copper industry has not been siphoned into new industrial branches that would have provided additional African employment and income.

24. Kenya and Mauritius are also facing the problem of providing jobs not only for those currently unemployed and underemployed, but also for those who will be entering the labour market in the near future. It has been estimated that new jobs for 50,000 persons must be provided immediately in Kenya to substantially reduce unemployment. In Mauritius, where the sugar monocultural pattern of economic activity

<sup>1/</sup> See Report of the UN/ECA/FAO Economic Survey Mission on the Economic Development of Zambia, 1964, p.8-9

TABLE 6

Kenya: Percentage of taxpayers in each income group by race in 1962

Income group	Africans	Arabs and Somalis	Asians	Europeans
£120 and under	91.4	86.0	11.0	1.5
£120 - 159	4.7	7.2	4.3	3.2
£160 - 199	1.7	1.9	3.3	0.6
£200 - 399	1.7	2.0	13.0	2.5
£400 and over	0.5	2.9	68.4	92.2
Total	100.0	100.0	100.0	100.0
Average annual earnings in £	80	-	529	1399

Source: Development Plan, 1964-1970, p.34 and Reported Employment and Earnings in Kenya, 1962, June 1963, pp.4-5

TABLE 7

Kenya: Per caput GDP by province

Province	Monetary product £1,000.	1962 Per Cent	Population (thousands)	Per Cent	Per capita monetary product -(£ )
Nairobi E.P.D.	79,494	44.2	315	3.6	253
Coast	28,224	15.7 <sup>1/</sup>	728	8.4	39
Rift Valley	23,691	13.2	1,049	12.1	23
Central	23,404	13.0	1,925	22.3	12
Nyanza	17,885	9.9	3,013	34.9	6
Southern	5,481	3.0	1,014	11.7	5
Northern	1,834	1.0	590	6.8	3
Total:	180,013	100.0	8,634	100.0	21
Total excluding Nairobi and Mombasa	76,618	42.6	8,139	94.3	9

Source: Development Plan 1964-1970, p.35

Notes: <sup>1/</sup> 13.2 per cent Mombasa only.

and fluctuating world prices have led to a fall in per caput incomes during the last decade, unemployment has increased because of the sugar industry's inability to absorb additional labour, despite a marked increase in output.

25. Besides the wide divergences in inter-country averages, there are huge imbalances in income by both ethnic and geographical origin, revealed by Kenya's data. (See Tables 6 and 7). Data on the distribution of taxpayers show that more than 91 per cent of Africans and 86 per cent of Arabs and Somalis earn less than £120 yearly, whereas more than 68 per cent of Asians and more than 92 per cent of Europeans have average annual earnings of £400. and above. Further, there are acute and very conspicuous differences in average annual earnings. In fact, the average annual earnings of the European in Kenya is around £1,400.

Another illustration of income imbalance is seen in Zambia:

TABLE 8

Zambia: GDP, Employment, Wages by sectors and by ethnic groups (1962)

Sector	GDP		Employment		Average annual wages £	
	£ million	Per Cent	European	African	European	African
African rural sector	29.5	14.4	-	(2.5 <sup>a/</sup> )	-	(12)
European agriculture	4.9	2.4	600	38,000	1,057	54
Mining	93.8	45.8	8,330	41,000	2,526	289
Other monetary sectors	76.4	37.3	23,740	150,000	1,240	131
Total	204.6	100.0	32,770	229,300	1,563	146

Source: Compiled from data in UNESCO, Education Planning Group, Northern Rhodesia. Report of the first mission, 15 September - 15 December 1963

a/ 2.5 million

26. Europeans accounted for around 2 per cent of total population but for 22 per cent of total wage-earning employment. Another measure of the relative opportunities of ethnic groups for wage employment is also indicated in the table below, where 40 per cent of the European population were engaged in wage employment as against a mere 6 per cent of Africans.

TABLE 9

Zambia: Wage employment (1962)

Ethnic Groups	Total Population		Wage Employment		Wage employment as a percentage of total population by ethnic group
	(In thousands)	Per Cent	Units	Per Cent	
Africans	3,595	97.8	229,300	77.6	6.4
Europeans	80	2.2	33,770	22.4	41.0
Total	3,675	100.0	261,070	100.0	7.1

Source: UNESCO op. cit

27. The data indicates large differentials in average annual wage income, not only by ethnic groups but also between various sectors. It is true that the average monetary income of the African is one-tenth that of the European. But as between African monetary incomes in the European agricultural sector and mining, a five-fold difference (from £54 to £289) is recorded. This data however refers exclusively to wage employment. It should be noted that in the rural sector which accounts for most of the African labour force, there are 2.5 million persons dependent on agriculture whose annual average income is estimated at about £12.

28. Despite the extraordinary income inequalities that characterize the sub-region, little has been done by African governments in the way of deliberate redistributive reforms through taxation and other means. Most African governments still continue to rely heavily on indirect

taxation which affects the lower income groups to a much greater extent than the wealthy. Personal income tax, of course, exists in all countries of the sub-region, but tax evasion by all higher income groups, including Africans, seems to be the rule rather than the exception.

29. Political independence has raised the expectations of the masses, particularly those who have been so far deprived of a major share in the fruits of their labour. If the rise in total output is to make only a marginal difference in the level of living of most people, it will be well nigh impossible to obtain their unstinted enthusiasm, which is crucially needed in carrying out a major social and economic revolution. Primarily for this reason it is important to pursue in the sub-region a dynamic development policy which includes as a major objective, that of scaling down present inequalities in income distribution and in the concentration of economic power, as has often been urged for Asia and Latin America. But the real significance of a policy of income redistribution far transcends the consideration of social equity and justice; it would also by curbing conspicuous luxury consumption, curtail pressures on external and internal accounts, and would siphon a major part of future increments in income towards developmental purposes.

30. There is no positive correlation between income levels of landlocked and coastal countries as witnessed in West and Central Africa. To the contrary, the highest income countries (Rhodesia and Zambia) are landlocked, whereas Somalia and Tanzania are among the poorest. Geographical location is not, therefore, the decisive factor in income levels; income differentials have in fact stemmed not only from the degree of exploitation of mineral resources, the extent of utilization of arable land and other resource endowments, but also from those historical forces generated by European colonization, which itself played a pioneer role in the general economic and social transition of some countries.

31. East African colonization has differed from that in West Africa: in the latter, Europeans were primarily oriented towards trade and tertiary activities, whereas in the former, European agricultural settlement has left its imprimatur. In the unfolding of this historic process more congenial climatic conditions in East Africa may have played their part. However, a by-product of European colonization in both sub-regions has been the expansion of an exchange economy.

#### Energy consumption

32. Although the energy position differs from country to country, per caput output and consumption is very low in most, except in Rhodesia and Zambia, where it is very much above the all-African average.

In the former British East African territories energy consumption was unequally distributed. At present, Uganda exports electric power to Kenya whose western half requires more power than is at present locally available. Tanganyika with its considerable water resources possesses hydroelectric potential which far outstrips its immediate requirements. Ethiopia's electric generating capacity is much greater than its actual consumption.

33. The fact that Zambia's per caput energy consumption is six times the all-African average is due to the very large quantities of energy consumed by the mining sector, and consumption in urban areas, while the countryside is largely bereft of electricity. Zambia's electricity output accounted for only slightly more than a fourth of its consumption with the bulk of commercial energy supplied by the Kariba hydroelectric power plant, jointly owned by the governments of Rhodesia and Zambia. In 1962, Zambia also imported about 500 million kWh from the Democratic Republic of the Congo.

34. According to present geological surveys, the sub-region possesses very limited petroleum resources. However, work is underway in some countries, and the outcome of these exploratory investigations are yet to be seen. What is discernible is that the imports of liquid fuels have risen markedly over the past decade, and given the expected tempo of industrialization, an upward trend in fuel imports which is likely to

TABLE 10

East Africa: Total and Per Caput Output and Consumption of Electricity  
in 1962

Countries	Total output (in mil.kWH)	Consumed locally (in mil. kWH)	Total Import      Export (in mil. kWH)		Per capita Output      Consumption (in kWH)	
RHODESIA	2,990	1,774	81 <sup>1/</sup>	1,296 <sup>4/</sup>	766.7	454.9
ZAMBIA	621	2,387	1,766 <sup>2/</sup>	-	238.8	918.1
UGANDA	470	281	-	189	67.1	40.1
KENYA	240	450	210 <sup>3/</sup>	-	27.8	52.1
TANZANIA	180	160 <sup>5/</sup>	-	20	18.8	16.7
MADAGASCAR	121	121 <sup>5/</sup>	-	-	21.1	21.1
MAURITIUS	170	170 <sup>5/</sup>	-	-	24.9	24.9
MALAWI	39	39 <sup>6/</sup>	-	-	13.2	13.2
ETHIOPIA	153	153 <sup>5/</sup>	-	-	7.1	7.1
SOMALIA	10	11 <sup>5/</sup>	-	-	5.4	5.4
BURUNDI	10	10 <sup>5/</sup>	-	-	3.8	3.8
Total sub-region	5,005	5,556	2,057	1,505	74.4	82.6
Africa	43,060	43,050	-	-	165	165

- Notes:
- 1/ Imported from Mozambique
  - 2/ Imported from Rhodesia (Kariba Dam) 1,296 million kWH and from the Congo (Zoo), 470 million kWH
  - 3/ Imported from Uganda and Tanganyika
  - 4/ Exported to Zambia
  - 5/ Includes power stations' use and losses
  - 6/ Of which 6 mil. kWH went to stations' use and losses.

Source: ECA documentation., data of population are taken from UN Demographic yearbook 1962

continue. The sub-region also possesses coal resources, found mainly in Tanganyika, Zambia, Rhodesia and Madagascar. For various economic reasons these resources have not yet been fully exploited, the exception being Rhodesia's high grade coal reserves at Wankie.

#### Food consumption patterns

35. It is recognised that food consumption data are often unreliable and there is a dearth of information on the nutritive values of local foods which play such a crucial dietary role. Bearing in mind this limitation, the following table, ventures a comparison of per caput quantities of existing calorie and protein levels with desirable nutritional targets.

TABLE 11

Present levels and targets of estimated food supplies for daily per caput consumption (around 1960)

Countries/Continents	Calories		Vegetable protein		Animal protein	
	Present	Target	Present	Target	Present	Target
	Per caput, per day		(in grams)			
Ethiopia	2,295		49		15	
Kenya	2,240		51		12	
Tanganyika	2,175		51		8	
Madagascar	2,230		38		7	
Former Federation of Rhodesia & Nyasaland	2,450		60		16	
Africa	2,360	a/ 2,420 c/ 2,460	50	a/ 49 c/ 48	11	a/ 15 c/ 20
Far East	2,070	a/ 2,300 b/ 2,300	48	a/ 55 b/ 54	8	a/ 10 b/ 15
Near East	2,470	c/ 2,400		c/ 55		c/ 20
		2,470	62	67	14	20
Latin America d/	2,370	2,410	42	42	19	20

Notes: a/ Short-term target    b/ Intermediate target    c/ Long-term target  
d/ Excluding River Plate countries

Sources: FAO, Africa Survey, 1962, p. 27 and p.5. P. Sukhatme: The Journal of the Royal Statistical Society, Series A/ General / - 1961. vol. 124, p. 477.



36. Food consumption and nutritional levels are largely conditioned by intakes of staple cereals and starchy foods which account for 70-90 per cent of caloric intakes. Pulses and animal products make up the balance. While existing current intakes are not markedly below the desired level, diets are unbalanced, due largely to protein deficiencies. Meat consumption ranges from about 4 kg. in Malawi to around 28 kg. in Rhodesia.

TABLE 12

East Africa: Estimated consumption of meat in selected countries

Country	Kg. per caput per year
Rhodesia	28
Kenya	25
Madagascar	19
Ethiopia	14
Somalia	12
Tanganyika	10
Uganda	9
Zambia	7
Rwanda and Burundi	5
Malawi	4
Average	13
Central Africa	4
West Africa	7

Source: FAO Africa Survey: Report on the Possibilities of African Rural Development in relation to economic and social growth, Rome, C.61/15. p.28. No year is given for the table

Education and health

37 In social infrastructure, the major constituents, education, health services and housing are woefully inadequate. Widespread illiteracy which girdles the entire sub-region and lack of balance in the educational system, reflected in the tragic absence of technical skills, is a heritage bequeathed by previous administrations. This critical shortage of highly trained persons is one of the major stumbling blocks to economic expansion in all countries. Data (table 13) indicate that third level enrolment in the sub-region is grossly inadequate to confront the challenge of modernization. With the exception of Uganda, which in 1961 registered 14 students per 100,000 persons, the countries of the sub-region had the lowest third level enrolment ratio in Africa by the beginning of the present decade.

38. The urge for education is being frustrated by the acute shortage of trained teachers, (mainly at the secondary level), critically so in the field of science and mathematics. Unfortunately, the present number of school leavers from Standard XII, from which teachers are recruited, is totally insufficient. Because the number of secondary school pupils cannot be increased until more teachers are produced, the continued inflow of expatriate teachers is likely to continue.

TABLE 13

Third level enrolment in African countries  
in 1961

Countries	Students <sup>a/</sup>	Percentage of total students	Students per 100,000 persons
1. U.A.R.	114,619	56.6	431
2. South Africa	51,948 <sup>1/</sup>	25.7 = 82.3	320
3. Libya	917	0.5	76 <sup>b/</sup>
4. Algeria	7,624	3.8	71 <sup>b/</sup>
5. Tunisia	2,647	1.3	63 <sup>b/</sup>
6. Congo (Brazza.)	463	0.2	57 <sup>b/</sup>
7. Liberia	707	0.3	55 <sup>b/</sup>
8. Senegal	1,612	0.8	50 <sup>b/</sup>
9. Morocco	4,972	2.5	41
10. Sudan	4,710	2.3	39
11. Madagascar	1,416	0.7	25
12. Ivory Coast	799	0.4	24
13. Ghana	1,338	0.7	19
14. Sierra Leone	418	0.2	17 <sup>c/</sup>
15. Uganda	951	0.5	14
16. Cameroon	481	0.2	11
17. Tanganyika	824 <sup>2/</sup>	0.4	9
18. Congo (Leo.)	967	0.5	7
19. Gabon	36	-	7 <sup>c/</sup>
20. Nigeria	3,128	1.5	6 <sup>c/</sup>
21. Kenya	425	0.2	5
22. Ethiopia	1,022	0.5	5
23. Somalia	79 <sup>1/</sup>	-	4
24. Fed. of Rhodesia and Nyasaland	366	0.2	3
25. Burundi	43	-	2
Total	202,509	100.0	86
U.S.A.	3,860,643	-	2,101

Source: Computed from UNESCO Statistical Yearbook, 1963, pp.210-213 and United Nations Demographic Yearbook, 1963, pp. 148-151.

- <sup>a/</sup> In interpreting this table, allowance should be made for difference in coverage
- <sup>b/</sup> Population 1960
- <sup>c/</sup> Population estimates
- <sup>1/</sup> 1960 figures
- <sup>2/</sup> Data taken from UNESCO, The Development of Higher Education in Africa, p. 114

39. It should, however, be noted that primary education in the sub-region did make certain strides in the decade of the fifties', although in certain countries, mainly Somalia and Ethiopia, first level enrolment ratios registered very small gains. Yet in these two countries the absolute numbers of children enrolled in primary schools increased substantially. There are also striking disparities in first and second level enrolment. In 1960, while for Mauritius and Rhodesia the combined first and second level enrolment ratios were 63 and 62 per cent respectively; in Somalia and Ethiopia the corresponding figures were 5 and 4 per cent respectively. <sup>1/</sup>

40. With regard to health facilities, the numbers of health technicians and physicians are at a pitifully low level. In the case of physicians this ranges from 22 per 100,000 inhabitants for Mauritius to about one per 100,000 for Ethiopia. These figures, of course, are entirely misleading, since the urban areas account for the bulk of medical personnel and numbers of hospital beds, whereas in the countryside, where the overwhelming mass of the countries' inhabitants live and work, there is almost a total lack of health facilities.

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<sup>1/</sup> UNESCO, Statistical Yearbook, 1963, pp. 96-99

TABLE 14  
East Africa: Basic Health Indicators around 1960

Country	Physicians	Dentists	Fully-qualified Nurses (excluding midwives)	Hospital beds	Physicians, Dentists, Nurses, Hospital beds per 100,000 inhabitants			
Mauritius	142 <sup>1/2/</sup>	37 <sup>2/3/</sup>	9 <sup>2/3/</sup>	3,144 <sup>2/</sup>	22	6	1	492
Rhodesia	563 <sup>2/</sup>	133 <sup>2/</sup>	2,799 <sup>2/4/</sup>	16,055 <sup>2/</sup>	15	4	74	427
Zanzibar	40 <sup>2/</sup>	4 <sup>2/</sup>	196 <sup>2/4/</sup>	918 <sup>2/</sup>	13	1	63	297
Madagascar	593 <sup>3/</sup>	45 <sup>3/</sup>	147 <sup>3/</sup>	12,914 <sup>2/</sup>	11	1	3	232
Kenya	713 <sup>2/</sup>	52 <sup>3/</sup>	1,354 <sup>3/</sup>	10,419	9	1	17	128
Uganda	453 <sup>1/2/</sup>	10 <sup>1/2/</sup>	233 <sup>2/</sup>	9,717	7	-	3	146
Zambia	230 <sup>3/2/</sup>	33 <sup>3/2/</sup>	236 <sup>2/</sup>	10,148	7	1	7	308
Tanganyika	524 <sup>3/</sup>	31	325	14,264	5	-	3	149
Somalia	67 <sup>1/2/</sup>	2 <sup>1/2/3/</sup>	9 <sup>2/</sup>	3,822 <sup>2/</sup>	3	-	-	190
Malawi	73 <sup>1/2/</sup>	7 <sup>1/2/3/</sup>	5 <sup>2/</sup>	5,151 <sup>2/</sup>	3	-	2	178
Rwanda-Burundi	90 <sup>2/</sup>	6 <sup>2/</sup>	42 <sup>2/</sup>	7,437 <sup>2/</sup>	2	-	1	152
Ethiopia	230 <sup>2/</sup>	14 <sup>2/</sup>	378 <sup>2/</sup>	6,800 <sup>2/</sup>	1	-	2	32
U.S.S.R.	445,116 <sup>5/</sup>	34,677 <sup>5/</sup>	660,000 <sup>5/</sup>	1,845,000 <sup>5/</sup>	201	16	298	833
New Zealand	3,581 <sup>3/5/</sup>	1,123 <sup>3/5/</sup>	9,558 <sup>5/</sup>	28,174 <sup>5/</sup>	144	45	385	1,134
U.S.A.	244,795 <sup>5/</sup>	105,252 <sup>3/5/</sup>	550,000 <sup>5/</sup>	1,689,414 <sup>5/</sup>	131	56	295	905
Denmark	5,650 <sup>1/</sup>	2,380 <sup>1/</sup>	17,270	46,118 <sup>6/</sup>	123	52	377	1,007
United Kingdom	58,000 <sup>2/</sup>	14,300 <sup>2/</sup>	107,000 <sup>2/</sup>	558,937 <sup>2/</sup>	110	27	202	106

Sources: Compiled from basic data in Annual Epidemiological and Vital Statistics 1960 and 1961 WHO, Geneva and UN Demographic Yearbook 1962

- 1/ Persons known to be active in their profession  
 2/ Figures quoted are for 1961  
 3/ Figures are for registered persons who are not necessarily resident or active  
 4/ Personnel employed in government service only  
 5/ Figures quoted are for 1962  
 6/ Figures quoted are for 1959

# D. MAJOR STRUCTURAL CHARACTERISTICS AND TRENDS

## Output Structure

41. The quickened tempo of development in the last decade has wrought substantial changes in the sub-region's economic structure. The breakdown by major branches of economic activity provides the basis for structural analysis, but these magnitudes are not strictly comparable, given different systems of classifications and the inaccuracy of national accounting data. Imputations of value co-efficients for subsistence agriculture pose very complex problems. Distortions, resulting from these inaccuracies and methodological differences, render the validity of such structural comparisons very tenuous and hence the picture can, at best, only be depicted on a very broad canvas.

TABLE 15  
East Africa: Structure of GDP  
(around 1963)

Country	Year	Agriculture <sup>a/</sup>	Industrial activities <sup>b/</sup>	Other Sectors <sup>c/</sup>	Total
in per cent					
Somalia <sup>d/</sup>	1963	85.0	2.0	13.0	100.0
Rwanda	1964	79.6	4.2	16.2	100.0
Ethiopia	1963	69.4	7.8	22.8	100.0
Uganda	1963	60.9	12.5	26.6	100.0
Tanganyika	1962	57.9	17.6	24.6	100.0
Malawi	1963	50.2	11.4	38.4	100.0
Madagascar	1963	42.0	12.4	45.6	100.0
Kenya	1963	43.0	13.1	43.9	100.0
Mauritius	1962	26.3	26.2	47.5	100.0
Rhodesia	1963	22.8	31.8	45.4	100.0
Zambia	1963	12.8	61.4	25.8	100.0

Source: National data

- <sup>a/</sup> Includes crop husbandry, livestock, fisheries and forestry
- <sup>b/</sup> Includes manufacturing and processing industry, handicrafts, mining, power and construction
- <sup>c/</sup> Includes mainly transport and communications, trade and other economic and social services
- <sup>d/</sup> Estimates

42. Agriculture and related sectors are the major commodity sectors in most countries, with agriculture's share in GDP oscillating between 85 per cent for Somalia to about 13 per cent in Zambia, with a sub-regional average of around 45 per cent. Within agriculture, crop production, (subsistence and marketed), accounts for most of the agricultural GDP, with the exception of Somalia, where animal husbandry is paramount.

#### Subsistence Output

43. Another conspicuous trait of agricultural output is the importance of subsistence agriculture in total agricultural GDP. African agriculture is overwhelmingly subsistence oriented, although in recent years, it has become increasingly market oriented, under the impact of cash crop agriculture.

TABLE 16

East Africa: Subsistence and Market Agriculture  
in selected countries

Country	Year	Subsistence	Marketed	Total
Ethiopia	1958/60	85.0	15.0	100.0
Zambia	1963	71.6	28.4	100.0
(Africans only)		(90.0)	(10.0)	(100.0)
Malawi	1963	70.1	29.9	100.0
(Africans only)		(82.0)	(18.0)	(100.0)
Madagascar	1960	60.7	39.3	100.0
Kenya	1963	60.1	39.9	100.0
Uganda	1960	44.3	55.7	100.0
Rhodesia	1963	24.2	75.8	100.0
(Africans only)		(75.0)	(25.0)	(100.0)

Source: Computed from National data.

44. In those countries of the sub-region (e.g. Rhodesia, Kenya), where European colonization has left its imprint, the share of subsistence output in total agricultural production is much smaller. However, taking African agriculture as a whole, the share of farm products consumed directly by Africans is still very high. If European agriculture were excluded, there would not be any marked inter-country differences with the possible exception of Uganda.

#### European and African agriculture

45. The processes of economic dualism are operative not only in the overall sub-regional economy, but equally and graphically so in agriculture. The two familiar and conventional types of agriculture - European and African - cannot be exclusively categorized as subsistence and market oriented, since the former is now increasingly responding to the stimuli of market forces.

46. There are two major species of European agriculture: plantation and settler farms. Large areas cultivated under the plantation system can be found in Madagascar (rice), Mauritius (sugar cane), Tanganyika (sisal), and in Somalia (bananas). In addition to plantation agriculture, there are large-scale intensive farms and cattle ranches in areas under European settlement. In former British East Africa, European agriculture is focused on such export crops as coffee, tobacco, tea, sisal, bananas, sugar cane, pyrethrum and palm oil.

47. These former British colonies differ noticeably with regard to European settlement and in the distribution of economic activities between Africans and Europeans. In Uganda and Tanzania, there is almost no permanent European settlement. In the former, the agrarian sector was characterized by small-scale African farming producing two major cash crops: cotton and coffee. Indeed, a vigorous group of independent African farmers producing for the market has emerged in Uganda. On the Tanzanian mainland, European agriculture was confined almost exclusively to sisal production. In Zanzibar agriculture was dependent on two major commodities: cloves and coconuts. Although land ownership was in the hands of a small minority of absentee



landlords, agricultural holdings which were generally small and fragmented were operated by chronically indented tenant farmers. The position in that country at the beginning of the sixties is summed-up thus by an official government report: "a high proportion of the best land in Zanzibar is held by absentee owners."<sup>1/</sup> This pattern of land ownership was one of the causes that led to the recent political changes. Little wonder that the reform measures included a drastic overhaul of traditional landowning systems. In Kenya, where on the eve of independence, less than one per cent of all farmers were Europeans, but held less than one fifth of good farm land, land pressure has up to now been acute. As in Kenya, Rhodesia's agriculture owes its dynamism and important place in the economy to European enterprise, producing a wide variety of crops as well as livestock. In Zambia, European farming, which commands less prominence, is focused on maize and tobacco, as well as on meat and dairy output.

#### Land concentration

48. European agricultural colonization led to a dislocation of traditional agrarian social relations, which at present is undergoing further significant changes. In the sub-region, the pattern of land ownership differs greatly from country to country, from the clan-communal tenure, through semi-feudal structures in Ethiopia and in some areas of Uganda, to modern capitalist social relations of production which prevail in some parts of Kenya and Rhodesia.

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<sup>1/</sup> P. Selwyn and T. Watson, Report on the Economic Development of the Zanzibar Protectorate, printed by the Government Printer, 1962, p. 2

TABLE 17

Proportion of Europeans to total population and percentage of land reserved for Europeans

Country	European population as percentage of the total population <sup>a/</sup>		Land alienated for European occupation as percentage of the total <sup>b/</sup>
	Year	per-cent	
Rhodesia	1963	5.3	49.0
Zambia	1963	2.1	3.0
Malawi	1962	0.3	5.0
Kenya	1962	0.7	7.0
Tanganyika	1957	0.2	0.9
Uganda	1957	0.2	less than 0.5

Source: <sup>a/</sup> ECA population estimates  
<sup>b/</sup> Montague Yudelman: Africans on the Land, Harvard University Press, 1964, p.9. These figures refer to the year 1958.

49. An analysis of farm holdings around the dates indicated in Table 17 brings out not merely the importance of European agricultural colonization, but equally the extent of land concentration within the European farming community. In Rhodesia, Europeans, who accounted for slightly more than 5 per cent of the total population control about 50 per cent of the land. Moreover, European farms below 5,000 acres accounted for about 80 per cent of total European holdings, but only 28 per cent of the ownership of total acreage. In contrast, the remaining one-fifth of farm units which were above 55,000 acres each held about 72 per cent of the cultivated area.

50. Most strikingly, 4 per cent of farms with an acreage exceeding 20,000 occupied 41 per cent of the European holdings. The median range of European farms was between 1,000-5,000 acres, which accounted for more than half of the total number. In Zambia, there are also certain similarities in distribution of farms by size. In Kenya, an even higher

incidence of concentration is observed with 275 farms of over 5,000 acres, or 8 per cent of the total number of farms, accounting for around 55 per cent of European holdings.

51. Although European farm units are vastly outnumbered by African farms, the land area occupied by Europeans is disproportionately large. Notwithstanding that many of these are worked by settlers, many of the larger units are corporate holdings managed by Europeans employing a large African labour force. Land hunger combined with large scale land alienation in some countries has led to social hardships which found political expression in the years before independence; these have been accentuated in the post-independence period.

52. The genesis of agrarian reforms is already seen in the sub-region, especially in the former British territories. For example, in Tanganyika European freehold has been converted into leasehold, on the grounds that the former was incompatible with African aspirations. <sup>1/</sup>

A further step in land policy has recently been charted. The Minister for Lands, Settlement and Water Development recently noted that, in accordance with government policy, all land belongs to the nation and that the government reserves the prerogative of taking over any undeveloped land... He added that land take-over would not be confined to the Dar-es-Salaam area but would apply to all idle land throughout the country. <sup>2/</sup> It appears that land policy in Zanzibar has gone even further, since it is announced that the government will take over land owned by foreigners irrespective of race, and divide it among Zanzibaris. <sup>3/</sup>

53. In the case of Rhodesia, where land policy is beset with the most serious problems, and where concentration has reached its highest pitch, certain formal gestures were made in 1961 in an attempt to reduce racial barriers by granting African farmers access to unused land, earmarked for Europeans. By the Land Apportionment Act, five million acres were

<sup>1/</sup> Proposals of the Tanganyika Government for Land Tenure Reform, Paper No. 2.1962

<sup>2/</sup> Africa Research Bulletin, Vol. 2. No. 3, April 30, 1965, p. 268

<sup>3/</sup> Africa Research Bulletin, Vol. 2 No. 1, February 28, 1965

TABLE 18

EAST AFRICA: Size of European Farms (in percentage)

Country Size of holdings in acres	Rhodesia 1) (1963)		Zambia 1) (1963)		Kenya 2) (1960)		Tanganyika 3) (1960)	
	Number of farms	Acreage	Number of farms	Acreage	Number of farms	Acreage	Number of farms	Acreage
- 500	14.4	0.6	21.6	1.2	32.8	2.8	36.4	2.6
501 - 5000	63.8	27.5	59.0	41.1	59.6	42.2	51.4	30.4
5001 +	21.8	71.9	19.4	57.7	7.6	55.0	12.2	67.0
T O T A L	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
In absolute figures	6241 <sup>a)</sup>	33,092 <sup>b)</sup>	1,026 <sup>a)</sup>	3,680 <sup>b)</sup>	3,609 <sup>a)</sup>	7,731 <sup>b)</sup>	906 <sup>a)</sup>	2,409 <sup>b)</sup>

Computed from: 1) Agricultural Production in Southern and Northern Rhodesia and Nyasaland Central Statistical Office p. 6, 17.

2) Kenya, African Agricultural Sample Census, Part I 1960/61 p.3

3) Census of Large Scale Commercial Farming in Tanganyika October 1960, p.6

NOTE: a) Number of farms  
b) Acres in thousands

declared as unreserved area available to purchase or lease to all races. This legislation largely remained a dead letter and, up to the present, the question of land redistribution has not been tackled.

54. Many of these agrarian reforms are, however, running into heavy weather. The case of Kenya is illustrative. It was recently pointed out that the bulk of the 400 large-scale mixed farms transferred to Africans have reached such a state of deterioration, due to mismanagement or being semi-abandoned, that they may have to be taken over by the government. Although some Africans who purchased large-scale European farms are making a success of them, in spite of under-capitalization and lack of farm management experience, many have encountered serious difficulties. It was also noted that, because of rising costs, large scale farming was reaching a moment of crisis and was becoming unprofitable.<sup>1/</sup>

#### Fertilizer inputs

55. In contrast, the bulk of the small scale African producers are subsistence farmers: their scale of operations is limited with average farm holdings around 5 acres, operated by family labour. Since this is traditional farming, the techniques continue to be archaic, with entrepreneurial innovation almost wholly non-existent. Shifting cultivation with bush burning and long fallow periods contributes to the exiguous marketable surplus. Changes in improved techniques have almost been exclusively restricted to European farms, as seen in fertilizer inputs. The sub-region's fertilizer consumption, however, ranks among the lowest in the world.

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<sup>1/</sup> East African Standard, 14 October 1964

TABLE 19  
East Africa: Fertilizer indicators

Country	Fertilizer consumption 1963/64		Per caput consumption of fertilizers in kgs. of pure nutrients 1960
	Total 1000 kg. of pure nutrients	Kg. of MPK per hectare of arable land	
Mauritius	21.0	233.0	25.9
Réunion	6.3	105.0	20.3
Rhodesia	60.0	33.3	14.2
Kenya	11.2	6.6	1.2
Malawi	3.5	1.2	0.9
Zambia	7.9	1.1	2.7
Uganda	2.7	1.0	0.4
Madagascar	1.8	0.7	0.3
Tanzania	3.3	0.5	0.3
Ethiopia	0.4	0.04	0.02
Total	121.5	-	-
Average		3.5	1.5

Source: FAO, Fertilizer World Survey, 1963 and country data

56. Fertilizer consumption was largest in Mauritius, Réunion, and Rhodesia, whereas in the remainder, with the exception of Kenya, it was around one kilogramme of NPK or even less per hectare of arable land. Most fertilizer inputs are absorbed on European holdings where a close correlation exists between the size of holdings and fertilizer consumption. Although a minute, but increasing number of market oriented African farmers are applying fertilizers, yet, for financial and marketing reasons, the majority are not in a position to do so. The use of fertilizers and other technical inputs making for increased farm productivity accounts for a substantial proportion of the total annual investment in agriculture.

57. To a certain extent, the widely divergent farm productivities between African and non-African farmers have been accentuated by an

by an openly discriminatory strategy against the indigenous farmers.

In the case of pre-independent Zambia where a dual programme was elaborated for both African and non-African agriculture, only 13 per cent of total farm budgetary allocations was earmarked for traditional agriculture, whereas the remainder was destined for European agriculture, which required less assistance. Likewise, many of the African producers could not qualify for financial assistance from the State land banks, since they were unable to present land titles as collateral.

#### Changes in agricultural output

58. Table 20 indicates the percentage changes in the decade 1953-1963 in total agricultural output and in food production. The most significant increases in total farm output were in the former Federation of Rhodesia and Nyasaland; in others, the increase was considerably smaller. In Rwanda and Burundi, there were sharp declines. When total agricultural and food production is examined on a per caput basis, it is seen that they were outpaced by population growth, with the possible exception of the former Federation, Tanganyika and Madagascar. In Uganda, there is even a decrease of per caput food production. The most critical level was attained in Rwanda-Burundi, where per caput food production was over a quarter lower than at the beginning of the decade. Agriculture's deceleration and inability to confront a rising urban demand as well as the demographic upsurge led to massive food imports. If rapid industrialization is to be ensured, it is mandatory that food output be considerably increased, so that foreign exchange resources may be directed to the import of capital equipment. The decade of the fifties witnessed the emphasis of agricultural policy on export oriented cash crops to the detriment of food production, but it is clear that this trend should be reversed.

TABLE 20

East Africa: Evaluation of agricultural output

Country	Percentage change between 1952/53 - 1954/55 and 1963/64			
	<u>Total</u>		<u>per caput</u>	
	Agricultural production	Food production	Agricultural production	Food production
Former Fed. of Rhodesia & Nyasaland	80	62	37	24
Tanganyika	60	58	33	32
Kenya	51	40	11	3
Madagascar	40	37	7	5
Uganda	38	27	8	- 1
Ethiopia	20	19	3	3
Rwanda and Burundi	- 7	- 9	- 27	- 29

Source: US Dept. of Agriculture. Economic Research Service, Dec. 1963  
Indices of agricultural production in 28 African countries

Industrial activities

59. Output of total industrial activities for the sub-region in 1960 accounted for about one fifth of total GDP. This average, however, conceals very important differences. Whereas in Zambia, Rhodesia and Mauritius the share of total industrial activities in GDP accounts for 61, 32 and 26 per cent, respectively, in five countries it is about 10 per cent. Among these five, Tanganyika has a share of some 18 and Rwanda only 4 per cent. Within the category of sub-regional industrial activities, the share of individual branches varied:



TABLE 21  
East Africa: Components of industrial activities  
around 1963

Branches	Share in total industrial output	Share in GDP
	(in per cents)	
Mining and quarrying	34.8	7.1
Manufacturing	36.1	7.4
Construction	17.2	3.5
Power	7.5	1.5
Other (handicraft)	4.4	...
Total industrial activities	100.0	20.4

Source: National Data

60. For the sub-region as a whole, mining occupies the largest share, (as well as in GDP), due mainly to Zambia's considerable production in industrial output. Manufacturing in contrast, which accounts for a slightly lower share, is fairly widely diffused, although there are specific poles of growth. Zambia's mining and quarrying output accounted for four fifths of the sub-region's output. Its share in that country's total GDP also amounted to more than one-half, with copper mining accounting for 90 per cent of total mining. Second to Zambia is Rhodesia, which has a much more diversified mining base, including asbestos, gold, coal, chromite, copper, tin metal and iron ore, followed by a broad range of other metallic and non-metallic industrially important mineral products. In Rhodesia, mining provides around 7 per cent of GDP; in other countries, mining and quarrying are of negligible importance, with the possible exception of Tanganyika, where it provides 4 per cent of GDP.

61. Taking the sub-region as a whole, there is an obvious polarization of manufacturing in the former Federation of Rhodesia and Nyasaland, the concentration is in Rhodesia, while in former British East Africa, the focus is still largely in Kenya. In the offshore island of

TABLE 22

East Africa: Level of Industrial Activities  
(around 1963)

Country	Year	In millions of US \$				Total Industries	Total GDP
		Man- facturing	Mining and quarrying	Power	Construc- tion		
Rhodesia	1963	140.6	42.3	36.1	39.5	258.5	857.6
Mauritius	1962	18.5	0.2	2.3	6.9	27.9	115.3
Kenya	1963	68.3	2.5	10.1	13.7	94.6	722.3
Malawi	1963	7.0	-	1.7	5.3	14.0	123.2
Uganda	1963	33.7	8.1	6.9	9.2	57.6	459.7
Madagascar	1960	25.1	9.1	-	22.1	70.5 <sup>a/</sup>	570.3
Zambia	1963	35.3	269.9	11.8	23.2	340.2	554.7
Tanzania	1962	19.4	19.1	4.3	35.5	78.3 <sup>a/</sup>	569.2
Rwanda	1964	3.3	1.4	0.2	0.8	5.7	135.7
Ethiopia	1963	15.0	0.6	3.0	17.8	66.2 <sup>a/</sup>	852.2
Total sub- regional		365.9	353.2	76.4	174.0	1013.5	4960.2
Percentage of GDP							
Rhodesia	1963	16.4	4.9	4.2	4.6	30.1	100.0
Mauritius	1962	16.0	0.2	2.0	6.0	24.2	100.0
Kenya	1963	9.5	0.3	1.4	1.9	13.1	100.0
Malawi	1963	5.7	-	1.4	4.3	11.4	100.0
Uganda	1963	7.3	1.8	1.5	2.0	12.5	100.0
Madagascar	1960	4.4	1.6	-	3.9	10.1	100.0
Zambia	1963	6.4	48.6	2.1	4.2	61.3	100.0
Tanzania	1962	3.4	3.3	0.8	6.2	13.8	100.0
Rwanda	1964	2.4	1.0	0.1	0.6	4.2	100.0
Ethiopia	1963	1.7	0.1	0.4	2.1	7.8	100.0

Source: National data

<sup>a/</sup> Including handicrafts

Mauritius, sugar refineries and food processing industries account for 16 per cent of GDP. In other countries, where industrialization has hardly begun, the share of manufacturing output is insignificant: Ethiopia is at the lowest rung with output (excluding handicrafts) accounting for less than 2 per cent of GDP. Within the sub-region, a tentative global picture of manufacturing around 1962 is as follows :-

Engineering industries	27 per cent
Agricultural and food industries	27 per cent
Textiles	9 per cent
Non-metallic product industries	7 per cent
Others	30 per cent

More than half of the engineering output in the sub-region is located in Rhodesia.

62. There are also considerable inter-country variations with respect to construction, a branch of economic activity which lends itself to wide cyclical swings. As is to be expected, Rhodesia has the highest sub-regional share.

63. The level of power development in the sub-region which is still very low is closely correlated to the level of industrial growth. Over the greater part of the sub-region during the fifties, the most marked advances were recorded in power production and manufacturing, with construction, mining and quarrying lagging behind. Annual growth rate in power output in all cases exceeded 10 per cent with the exception of Mauritius. Growth rates of power output were not widely divergent, as in industrial growth, where growth rates ranged from 10 per cent for Zambia to less than 1 per cent for Mauritius. There have been sharp recorded drops in the value of output in both mining and construction in several countries. In the latter, the decline can be partially explained by the political vicissitudes in the second half of the fifties. In Zambia, the decline in mining was due, not to a fall in physical production (which grew between 1953/57-62, at slightly more than 5 per cent annually,<sup>1/</sup>)

<sup>1/</sup> Report of the UN/ECA/FAO Economic Survey Mission on the Economic Development of Zambia, p.40

but to a price slump of 31 per cent within the same period, which explains the decline of mining output in monetary terms.<sup>1/</sup>

64. Within the period 1955/1963, despite high growth rates in certain branches, the share of total industrial activities in GDP did not appreciably alter; in Uganda, Zambia, Kenya and Rhodesia, the share of industrial activities even declined, although in absolute monetary terms there has been a recorded increase.

TABLE 23

East Africa: Evolution of industrial activities (Index 1963,  
1955 = 100)

Country	Industrial activities					GDP
	Manufact- uring	Mining and quarry- ing	Power	Construct- ion	Total Indust- rial activit- ies	
Zambia	213.6	93.7	300.0	76.8	100.0	119.6
Rhodesia <sup>2/</sup>	198.4	101.3	286.7	92.8	154.1	167.2
Tanganyika <sup>2/</sup>	156.5	135.1	202.7	155.6	153.0	138.5
Malawi	156.2	-	-	146.2	172.8	145.7
Kenya	139.8	69.5	247.6	60.9	119.7	145.0
Uganda	115.1	242.3	273.0	57.4	113.2	129.7
Mauritius <sup>2/</sup>	103.4	-	188.9	196.2	124.8	125.7

Source: National data & UN Yearbook of National Accounts: 1963

<sup>1/</sup> Copper prices fluctuated over a ten-year period as follows:

	<u>1953/57</u>	<u>1958</u>	<u>1962</u>	<u>1963</u>
US per 100 lb.	42.59	21.79	29.25	29.27

<sup>2/</sup> For the period 1955-1962

TABLE 24

East Africa: Structural changes in industrial activities

(in per cent)

Countries		Kenya		Malawi		Mauritius		Rhodesia		Tanganyika		Uganda		Zambia	
		1955 1963		1955 1963		1955 1962		1955 1963		1955 1962		1955 1963		1955 1963	
Industrial activities															
Manufacturing		9.8 9.5		5.3 5.7		20.3 16.7		14.6 17.3		6.4 7.2		8.2 7.2		3.6 6.4	
Mining & quarrying		0.7 0.3		- -		- 0.1		8.6 5.2		3.4 3.4		0.9 1.8		62.1 48.7	
Power		0.8 1.4		- 1.4		1.6 2.3		2.6 4.4		0.5 0.8		0.7 1.5		0.8 2.1	
Construction		4.5 1.9		4.3 4.3		4.5 7.0		8.7 4.2		5.5 6.2		4.5 2.0		6.5 4.2	
Total industrial activities	Per cent	15.8 13.1		9.6 11.4		26.4 26.2		34.5 31.8		15.9 <sup>1/</sup> 17.6 <sup>1/</sup>		14.3 12.5		73.0 61.4	
	mil.US \$	79.0 94.5		8.1 14.0		32.1 40.1		167.7 258.4		65.3 99.9		50.9 57.6		338.8 340.2	
GDP	Per cent	100.0 100.0		100.0 100.0		100.0 100.0		100.0 100.0		100.0 100.0		100.0 100.0		100.0 100.0	
	mil.US \$	498.0 722.3		84.5 123.2		121.8 153.1		486.4 813.4		410.9 569.2		354.4 459.2		464.0 554.7	

Source: National data and United Nations Yearbook of National Accounts, 1961 and 1963Note: <sup>1/</sup> Including handicraft which accounted for 3.6 per cent in 1955 and for 3.0 per cent in 1962.

Industrial polarization and ownership

65. The profile of industry is characterized by geographical polarization as well as a high incidence of economic concentration. Unlike agriculture, which has an important African component, ownership of large scale private sector industrial plant is exclusively in the hands of non-Africans. These foreign-owned industrial concerns are of three basic types:

- (a) subsidiaries of large overseas corporations such as the Lever Brothers;
- (b) partnerships of foreign firms locally incorporated to carry out a specific industrial function, which are relatively independent in their investment policies, but to a far lesser extent in their marketing policies;
- (c) enterprises established with locally mobilized settler capital. Although domestic in its origin, this species of 'local capital reveals a tendency to leave the country in times of economic and political turmoil. Such symptoms are widespread in Rhodesia, but are also found in other countries of the sub-region.

66. African ownership of industry is therefore of minor importance and can roughly be placed into two broad classes: public and private, with the latter embracing small scale enterprises and handicrafts. The public sector assumes two categories: direct state participation, involving outlays of public funds in newly formed companies or a government shareholding in a given company; in the latter case, the state is shorn of managerial functions. The other form of public enterprise that has been on the ascendant over the past decade has been the public sector corporation. Perhaps one of the most enterprising ventures of this kind has been the Uganda Development Corporation, which was set up in 1952 and which has grown greatly. Other countries have also set up their own public corporations and, in the not too remote future, these new institutional arrangements are likely to give a decisive impetus to industrial expansion.

TABLE: 25

East Africa: Total Employment in Industrial Activities, 1963

(in thousands)

Branches	Countries	Rhodesia	Zambia	Tanganyika	Uganda	Kenya	Malawi <sup>b)</sup>
Manufacturing		80.2	18.9	22.7	27.3	40.7	12.9
Mining and quarrying		43.1	49.0	7.4	5.2	3.1	0.6
Construction		35.9	25.3	28.3	26.7	10.4	15.4
Electricity and water		5.7	2.3	3.9	...	2.4	1.5
T O T A L		165.9	95.5	62.3	59.2	56.6	30.4
Total recorded employment in industrial activities <sup>a/</sup>		696.2	257.5	340.5	221.6	535.1	140.8

(in per cent)

Manufacturing	48.3	19.8	36.4	46.1	71.9	42.4
Mining and quarrying	26.0	51.3	11.9	8.9	5.5	2.0
Construction	21.6	26.5	45.4	45.1	18.4	50.7
Electricity and water	3.4	2.4	6.3	...	4.2	4.9
T O T A L	100.0	100.0	100.0	100.0	100.0	100.0
Industrial activities as % of total recorded paid employment	23.8	37.1	18.3	...	10.6	21.6

a) Both African and non-African paid employment

b) For 1962.

Source: National data.

67. One of the great impediments to African industrial enterprise lies in the almost complete absence of high-level African technical manpower, combined with the limited African managerial staff. These have resulted in both ownership and managerial functions acquiring a wholly non-African character. In the years ahead, with the emergence of a vigorous public sector, and the training of efficient middle and higher executive manpower, these shortcomings will inevitably disappear. Already some advances have been made in training such manpower, although by and large, such efforts remain largely perfunctory. In certain expatriate industries, those in Rhodesia being the most outstanding example, on-the-job management training of Africans is not being pressed with any visible urgency.

#### Industrial employment

68. Employment in industrial activities accounts for a minuscule proportion of the total labour force, emphasizing the over-whelmingly non-industrial anatomy of these economies. Figures for the active working population and its breakdown are not available for all the countries of the sub-region. Table 25 presents data for six countries.



69. Data on the total labour force (including subsistence farming) is rather fragmented within the sub-region and it appears, however, that industrial activities as a percentage of total recorded paid employment is highest in Zambia followed by Rhodesia. Manufacturing employment occupies the leading role in Rhodesia, Kenya and Uganda, whereas in Tanganyika and Malawi construction accounts for about 50 per cent of total employment. In Zambia, mining alone also provides about half the total employment in industrial activities.

#### 7 Tertiary activities

70. This sector is extremely heterogeneous and includes a wide variety of economic and social services. Definitions and systems of classification differ from country to country and hence inter-country comparisons within the sub-region can at best be nothing more than a crude approximation. The share of the tertiary sector in GDP ranges from around 47 per cent in the case of Mauritius to about 16 per cent for Rwanda. As is to be expected, there is a positive relationship between the size and composition of the tertiary sector and the stage of industrial growth. Transport and communications, as well as trade are important components within this group. Despite the widespread importance of these components, there are wide disparities between countries which reflect their level of transport development and also their over-all level of economic growth.

71. In former British East Africa, where railways still form the backbone of the transport complex, Uganda has a well developed transport and communications network in relation to the economy's present needs, whereas the inadequacies of the transport and communications networks in Kenya and Tanganyika pose serious problems. The main pillar of the transport system in Zambia and Rhodesia is the railway, paralleled by the trunk road system. But there is great need for improvement in these areas. In Ethiopia, road construction is probably the most vital contribution now being made to the country's development; Madagascar has a fragmented road and rail network but these shortfalls are now being

TABLE: 26  
East Africa: Pattern of Tertiary Activities in GDP in 1963  
(in per cent)

Countries Branches	Mauritius	Madagascar	Rhodesia	Kenya	Malawi	Uganda	Zambia	Tanganyika <sup>b/</sup>	Ethiopia	Rwanda <sup>c/</sup>
Tertiary sector	47.5	45.6	45.4	43.9	38.4	26.6	25.8	24.6	22.8	16.2
of which:										
Transport and communications	13.3	6.0	9.4	9.6	6.3	3.7	5.2	7.0	5.1	0.4
Trade	10.3	16.6	14.1	12.4	13.9	10.8	7.9	4.1	6.4	8.1
Public Administration (defense)	4.1	13.6	...	10.4	...	3.4		8.5	4.5	6.5
Real Estate, ownership of dwellings	7.3	...	5.9	3.6	1.8	2.1	2.3	2.0	1.2	...
Other services <sup>d/</sup>	10.6	9.4	8.8	6.0	4.3	6.6	4.6	3.0	1.7	1.2

Notes: a/ 1960  
b/ 1962  
c/ 1964  
d/ Including domestic and other services

Source: National data.

compensated for by a highly developed air transport system.

72. In addition to the rail and road system, inland water transport offers immense possibilities which, as yet, have only begun to be exploited. In the sub-region, there are three large lakes: Victoria, Tanganyika and Nyasa, whose shores are bounded by many countries and which offer (with a co-ordinated rail and road network), enormous opportunities for enhancing sub-regional trade and transport connexions. The sub-regional river systems also represent a transport potential, but few of them are used for navigation. Improvement in river transport is predicated, not merely on the level of investment, but also to a larger extent on sub-regional river utilization agreements and co-ordination.

73. Within the sub-region, there are five countries with access to the sea, while six countries are landlocked. East Africa has the longest coastline of all African sub-regions, and the scope for developing ocean-going commerce is considerable. Unfortunately, at the present moment there are only a small number of ports<sup>1/</sup>, many of them unable to accommodate large ships. Somalia with the longest coastline of any African country, does not possess, as yet, any deep sea ports. Moreover, certain landlocked countries are dependent on ports located in neighbouring countries<sup>2/</sup>, some of which are Portuguese possessions.

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1/ Massawa, Assab, (Ethiopia); Djibouti (French Somaliland); Berbera, Mogadiscio, Merca, Kisimayo (Somalia); Mombassa (Kenya); Tanga, Dar-es-Salaam, Lindi, Mtwara (Tanzania).

2/ These include Beira and Lourenco-Marques in Mozambique; Lobito in Angola; Durban and Port Elizabeth in South Africa: the two last mentioned serving Rhodesia, Zambia and Malawi. A large part of commodity trade from Rwanda and Burundi passes through the port of Matadi, in the Democratic Republic of the Congo.

74. Undoubtedly, modernization and expansion of the transport system could play a large role in the opening up of new markets and thus encourage trade, stimulate farm output and give a fillip to other economic activities in the remoter areas. There are huge mineral resources that have not been tapped due mainly to inadequate transport systems. For instance, in Tanzania large deposits of phosphate, coal and iron ore have been located in areas that are as yet inaccessible. Madagascar, with its vast coal and oxygenated oil deposits faces much the same problem. In this sense, much of the East African sub-region is like the United States in the XIXth century, a region of open frontiers.

75. Growth in tertiary activities has outstripped the growth in industrial activities, as well as agriculture, largely reflecting the need to build up economic and social infrastructure. There is, of course, another aspect which is less salutary from a national angle, that is local capital has drifted into real estate speculation and high priced prestige construction instead of commodity production. In certain countries, no measures have been taken to check the proliferation of this type of investment.

TABLE: 27

East Africa: Evolution of tertiary sectors  
(Index 1963, 1955 = 100)

Indicators	Tertiary sectors	Transport and Communication	Trade	Public Administration and defence	Real Estate & dwelling ownership	Other Services
Countries	Index	Index	Index	Index	Index	Index
Rhodesia	177	183	162	...	188	164
Zambia	177	176	157	...	281	163
Malawi	164	187	174	...	267	146
Tanganyika	158	166	109	199	150	152
Kenya	152	163	126	166	178	153
Mauritius	141	133	127	158	133	171
Uganda	132	137	166	86	133	123

## III. FOREIGN TRADE

76. The external trade sector exhibits many of the conventional infirmities of other African sub-regions: export dependence on a very narrow range of primary commodities which are extremely vulnerable to fluctuations in their world market prices as well as being bedevilled in some cases by the constant threat of competition from synthetic substitutes. Recent successful experiments in finding a synthetic for sisal now pose an implacable challenge to four producers in the sub-region who account for 80 per cent of world output. Hardest hit will undoubtedly be Tanganyika with sisal accounting for more than a third of its total exports.

77. This most recent scientific breakthrough is merely one among several that have sounded the death knell of a large number of primary commodities and is a galling reminder of the precarious posture of primary producers the world over when confronted with the prodigious pace of advance of the chemical revolution of our times<sup>1/</sup>. This is one of the harsh but incidental costs of progress. This latest achievement which is bound to have an adverse effect on price and output of sisal, is a reminder that industrialisation and economic diversification are cold imperatives for national survival. This point is of particular significance to the sub-region, where countries are characterized by dependence on a narrow range of export commodities.

78. The foreign trade sector has played a strategic role in making available foreign exchange earnings, although the persistently

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<sup>1/</sup> The case of synthetic rubber is indicative. At the beginning of the fifties the share of synthetic rubber amounted to only 25 per cent of world rubber consumption; but by 1963 the synthetic product outworked natural rubber with a share of 51 per cent. According to present trends, this share may rise to two-thirds by 1970.

Table 28

Balance of Trade in Million US\$ in the sub-regions

	East <sup>1/</sup> Africa	West <sup>2/</sup> Africa	Central Africa	North <sup>3/</sup> Africa	Rep. of <sup>4/</sup> South Africa	Portuguese <sup>5/</sup> Terri- tories	Total Africa	World
<u>1953</u>								
Exports	914.5	921.8	544.1	913.3	901.3	184.5	4379.5	82,600
Imports	944.6	873.9	528.3	1317.9	1260.7	168.1	5093.5	84,300
Balance	-30.1	+47.9	+15.8	-404.6	-359.4	+16.4	-714.0	-1,700
<u>1963</u>								
Exports	1347.5	1272.2	655.6	1632.8	1223.4	265.2	6396.7	153,500
Imports	1230.6	1547.0	590.3	2098.3	1431.2	288.3	7185.7	161,000
Balance	+116.9	-274.8	+65.3	-465.5	-207.8	-23.1	-789.0	-7,600

Percentage shares of sub-regional recorded Imports & Exports in African and World Trade

	East Africa	West Africa	Central Africa	North Africa	Rep. of South Africa	Portuguese Terri- tories	Total Africa	World
<u>Imports</u>								
1953	18.5	17.2	10.4	25.9	24.7	3.3	100.0	
	1.1	1.0	0.6	1.6	1.5	0.2	6.0	100.0
1963	17.1	21.3	8.1	29.0	19.7	4.3	100.0	
	0.8	0.9	0.4	1.3	0.9	0.2	4.5	100.0
<u>Exports</u>								
1953	20.9	21.0	12.4	20.8	20.6	4.2	100.0	
	1.1	1.1	0.7	1.1	1.1	0.2	5.3	100.0
1963	21.1	19.7	10.2	25.3	19.0	4.1	100.0	
	0.9	0.8	0.4	1.1	0.8	0.2	4.2	100.0

Regional growth of recorded Imports & Exports (value index)1953 = 100

	East Africa	West Africa	Central Africa	North Africa	Rep. of South Africa	Portuguese Terri- tories	Total Africa	World
<u>Imports</u>								
1963	130	177	114	159	114	172	141	191
<u>Exports</u>								
1963	147	138	120	179	136	144	146	186

Source: National publications.

1/ Excluding Zanzibar and Pemba

2/ Excluding Spanish Equatorial Africa and Liberia

3/ Excluding Algeria

4/ Data refer to 1962 and exclude gold for the exports

5/ Angola and Mozambique only

Unfavourable terms of trade have jeopardized these earnings<sup>1/</sup>. In terms of imports the sub-region as a whole continues to be the traditional importer of manufactured goods, an increasing range of which can be produced domestically.

79. There was a substantial growth in both exports and imports during the last decade with exports growing by more than 50 per cent and imports by 34 per cent. These developments, of course, reflect not merely changes in quantities, but also in prices of imports and exports. In 1953 imports exceeded exports, resulting in a negative trade balance for the sub-region as a whole. However, by 1963 this negative trade balance was transformed into a surplus. Besides the East Africa sub-region only Central Africa recorded a positive trade balance in 1963:

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<sup>1/</sup> Prospects are slim for a significant rise in prices of most major exports from Africa south of the Sahara for the remainder of the decade. For most commodities, consumption is more likely to rise in the producing countries, thus reducing the possibility of increased export earnings. The best prospects for raising export income are through increased processing of primary commodities in the producing countries. Cf. FAO, Monthly Bulletin of Agricultural Economics and Statistics, Vol. 13, Sept. 1964. Also FAO, Commodity Review, Special Supplement, Agricultural Commodities Projections for 1970, Rome 1962; Trade in Agricultural commodities in the United Nations Development Decade, Volume 1, Rome, 1964.

West Africa, North Africa and Africa as a whole were confronted with serious deficits in their balance of trade. By the decade's end the sub-region's share in total African imports were 17 per cent, and that of exports about 21 per cent.

Export sector:

80. The switch from negative to positive trade balances for the sub-region as a whole was due to the huge strides made by the Federation of Rhodesia and Nyasaland (specifically Rhodesia and Zambia) as well as to the positive balances of Uganda, Tanganyika, and Mauritius. In Kenya the negative balance in the initial year had substantially risen by the decade's end; in others there have been persistent tendencies towards negative balances. (See table 29.)

TABLE 29

East Africa: Foreign trade balance

(in US\$ million)

Countries	1953			1963		
	Exports	Imports	Balance	Exports	Imports	Balance
Federation of Rhodesia and Nyasaland	381.6	335.8	+45.8	601.7	377.5	+224.2
Tanganyika	100.6	79.6	+21.0	174.4	113.1	+ 61.3
Uganda	94.1	71.9	+22.2	144.1	86.5	+ 57.6
Madagascar	84.7	129.3	-44.6	82.1	127.4	- 45.3
Ethiopia	71.1	55.7	+15.4	89.4	110.5	- 21.1
Kenya	64.2	144.8	-80.6	122.5	206.3	- 83.8
Mauritius	57.5	52.7	+ 4.8	88.6	70.0	+ 18.6
Rwanda-Burundi	19.3	...	...	12.9	30.9	- 18.0
Somalia	7.7	16.1	- 8.4	31.8	44.7	- 12.9
T O T A L	880.8	885.9	- 5.1	1347.5	1166.9	+180.6

Source: National publications.



81. In most countries the volume index of exports rose substantially while export value did not alter significantly, and in certain countries even declined, thus reflecting the highly fluctuating character of primary commodity prices. Behind these price variations there was a perceptible downward trend in prices of most primary export commodities. The price of copper, for instance, fell by one third between 1953/57-1963. Similar trends are discerned for agricultural primary commodities. (See table 30).

TABLE 30  
Average Unit Value of Exports (f.o.b) per Ton  
(in US \$)

	1950	1955	1960	1962	1963
<u>Somalia</u>					
Bananas	56.1	143.6	141.2	148.0	150.0
<u>Uganda</u>					
Coffee	720.1	666.3	400.7	424.7	516.0
Cotton	739.8	825.2	698.2	705.9	672.1
<u>Madagascar</u>					
Coffee	828.8	746.5	585.8	536.0	535.2
Sugar	...	88.1	135.1	103.7	124.0
Sisal	294.0 <sup>b/</sup>	191.4	219.2	206.3	321.2
Rice	287.6	156.8	201.7	180.8	196.5
<u>Kenya</u>					
Coffee	955.5	1,265.5	1,018.8	969.0	824.6
Sisal	312.4	161.3	220.6	212.6	325.4 <sup>a/</sup>
Tea	88.9 <sup>a/</sup>	131.0 <sup>a/</sup>	113.2 <sup>a/</sup>	107.4 <sup>a/</sup>	106.5 <sup>a/</sup>
<u>Ethiopia</u>					
Coffee	617.8	889.0	849.0	685.8	668.0
<u>Tanganyika</u>					
Sisal	274.6	157.9	205.4	197.5	291.4
Cotton	569.0	748.6	625.7	625.1	617.4
Coffee	639.6	1,028.4	804.4		722.7

Source: ECA, African Statistics, (Annex to the Economic Bulletin for Africa), Vol.II, No.1, January 1962; and UN Yearbook of International Trade Statistics, 1955, 1963.

<sup>a/</sup> In US cents per Kg.

<sup>b/</sup> Sisal fabrics.

82. The steady decline in average unit values of exports is dramatically illustrated in Tanganyika, where sisal exports rose from 142 thousand tons in 1951 to 209 thousand tons in 1959 (i.e. an increase of 47 per cent), whereas export earnings drastically dropped from £24 million to £13 million, (i.e. a decline of 45 per cent).

83. As is indicated in Table 31, total exports as a share of GDP range from 75 per cent for Zambia to around 7 per cent for Uganda. In the case of 5 countries (Mauritius, Rwanda, Zambia, Somalia and Uganda) two to three major commodities accounted for between 87 and 98 per cent of their total exports. In all countries, save Zambia, the export pattern is dominated by agricultural commodities with coffee the leading export product for five of them. In Zambia copper provided 91 per cent of total export receipts, and sugar and its by-products provided 98 per cent of Mauritius's export earnings. This is a remarkable trait of under-development and underlies the vulnerability of the economies concerned to external forces.

84. Six major export commodities (copper, coffee, cotton, sisal, sugar and tobacco) account for about 70 per cent of the total exports of the sub-region. This share remained virtually unchanged during the decade, and mirrored the absence of any significant structural changes in the pattern of exports. Within this group of six commodities there were, however, appreciable percentage shifts due to differential growth rates of output as well as price changes.

#### Destination of recorded exports

85. Western Europe as a whole was the destination for about 58 per cent of total sub-regional recorded exports; the United Kingdom absorbed 38 per cent and France 8 per cent of total sub-regional exports in 1953, whereas the share of other "developed areas" was around 17 per cent in

TABLE: 31

## East Africa: Structural characteristics of exports, 1963

Countries	Total exports		Main exports products		
	In million US \$	as % of GDP	In million US \$	as % of total exports	
Zambia <sup>1/</sup>	457.6	75.6	copper zinc	415.4 3.0	90.8 93.8
Mauritius	88.4	58.2	sugar and by-products	86.8	98.2 98.2
Rhodesia <sup>1/</sup>	334.5	36.0	tobacco hides & skins sisal	109.8 34.7 28.0	32.8 10.4 8.4 51.6
Tanganyika	174.4	34.1	sisal cotton coffee	63.5 30.0 19.2	36.4 17.2 11.0 64.6
Somalia	31.8	30.3	bananas live animals hides & skins	14.2 12.7 1.9	44.7 39.9 6.0 90.6
Uganda	144.1	29.2	coffee cotton copper	76.1 40.1 10.2	52.8 27.8 7.1 87.7
Madagascar	82.1	19.2	coffee sugar sisal rice	23.8 9.0 7.3 5.4	30.0 11.0 9.0 6.6 55.6
Malawi <sup>1/</sup>	32.2	18.1	tobacco tea groundnuts	11.8 9.3 3.1	36.6 28.9 9.6 75.1
Kenya	122.5	16.8	coffee sisal tea	30.9 21.1 15.9	25.2 17.2 13.0 55.4
Burundi <sup>2/</sup>	23.9	16.8	coffee minerals	11.2 4.4	46.9 18.4 65.3
Ethiopia	88.3	10.0	coffee oil seeds hides & skins	44.5 11.4 9.5	50.4 12.9 10.8 74.1
Rwanda	9.0 <sup>3/</sup>	6.9	cassiterite coffee pyrethrum	2.8 0.4 0.2	77.8 11.1 5.6 95.5 <sup>4/</sup>

<sup>1/</sup> In 1964.<sup>2/</sup> Estimated on the data for the first 9 months in 1962.<sup>3/</sup> Including estimated non-recorded exports.<sup>4/</sup> As a percentage of the recorded exports / 3.6 mil. US \$/

Source: National data.

TABLE 32

East Africa: Exports of selected commodities  
(as percentage of total sub-regional exports)

	Average 1950-51	Average 1957-58	Average 1961-62	Average 1962-63
Copper	18.7	20.5	25.1	24.4
Coffee	14.2	18.1	12.6	14.1
Cotton (raw)	11.1	8.4	6.2	5.7
Sisal	10.2	3.8	4.9	6.1
Sugar	7.8	9.8	8.1	6.6
Tobacco (raw)	7.5	7.8	9.3	9.2
<u>In millions of US \$</u>				
Copper	137.5	216.9	323.3	335.2
Coffee	104.2	191.3	162.9	193.3
Cotton (raw)	81.9	88.7	80.2	78.1
Sisal	74.9	40.3	62.8	83.7
Sugar	57.3	104.0	104.2	91.1
Tobacco (raw)	55.4	82.9	119.8	125.5
T O T A L	511.2	724.1	853.2	906.9
Total exports	734.8	1,058.8	1,289.3	1,372.8
Selected commodities as percentage of total exports	69.6	68.1	66.2	66.1

Source: National data, includes Mozambique

that year with the United States accounting for the bulk. At the inception of the decade exports to the centrally planned economies are negligible.

86. By the end of the period under review there were no dramatic

export changes to western Europe, although within the two major west European trading blocs (E.C. and EFTA) there were some perceptible shifts; the common market countries doubled their imports from the sub-region increasing their share of sub-regional exports from 18 to 25 per cent. The EFTA area, although losing ground, still accounted for one-third of total sub-regional exports by the end of the period, with the United Kingdom accounting for nearly all exports to this group of countries. Likewise within the other "developed areas" there were shifts in favour of Japan which increased its imports twelvefold, raising its share of total sub-regional exports to 4 per cent. Also the centrally planned economies witnessed a sharp rise in their imports which started, however, from a negligible level.

TABLE 33  
East Africa: Destination of recorded exports

	Exports			
	1953		1963	
	Total Million US\$	per cent	Total Million US\$	per cent
E.C.	162.1	23.4	336.8	25.0
of which				
France	68.2	7.7	70.7	5.2
EFTA	353.4	40.1	456.4	33.8
of which				
U.K.	339.0	38.5	420.5	31.2
Centrally Planned Economies	0.6	-	51.6	3.8
African countries	92.1	10.5	117.1	8.7
of which				
South Africa	46.4	5.3	55.9	4.1
Portuguese territories	1.2	0.1	3.3	0.2
Others	272.8	31.0	386.8	28.7
developed areas				
USA	115.8	13.1	144.5	10.7
Japan	4.1	0.5	53.7	4.0
Canada	16.5	1.9	33.4	2.5
Australia	15.8	1.8	13.3	1.0
New Zealand	0.8	0.1	3.8	0.3
Rest	119.8	13.6	138.1	10.2
Grand Total	881.0	100.0	1,348.7	100.0

Source: National data

#### Structure of imports by commodity breakdown

87. The data on imports by end use shows that machinery and transport equipment accounted for the highest share of imports in the majority of countries, thus reflecting emphasis on incipient industrialization and the development of infrastructure. Somalia, Zanzibar and Mauritius deviated from these trends, since they were heavily dependent on imports of food, beverages and tobacco. Notwithstanding variations in food imports over the decade, the share of this group of commodities in total imports still remains high. In Somalia and Mauritius it hovered around one-third of total imports; in Zanzibar it accounted for as high as half of total imports. In Zanzibar and Mauritius this was due to the use of land mainly for the production of two commodities - cloves and sugar, whereas in Somalia this import pattern has been dictated by the scarcity of cultivable land combined with the emphasis on mono-production, i.e. bananas.

88. Within the decade sharp absolute increases were registered mainly in chemicals, machinery and transport equipment, while imports of the remaining groups of commodities increased slightly, and in some cases, were even below the initial year by the end of the period. The data presented does not gauge the extent and scope of import substitution, since this would require a far more detailed import breakdown than that given. However, during this period the process of import substitution has been making headway in some countries, albeit slowly, in the light and consumer goods industries. Possibilities of further import substitution are still immense, since there are certain intermediate products which could be manufactured domestically,

#### Origin of recorded imports

89. About 60 per cent of total imports into the sub-region originated from Western Europe in 1953 with the U.K. absorbing two-thirds of these. Imports from other "developed areas" absorbed 6 per cent with those from the United States being eight-tenths of this total. Imports from the centrally planned economies at the opening of the decade were

TABLE 34

East Africa: Imports by End-Use in Percent

Country	Year	Total Imports	Food Beverages & Tobacco	Basic Materials	Mineral Fuels	Chemicals	Textiles	Metals	Machinery & Transport Equipment	Other Manufacture
SOMALIA	1954	100.0	33.2	2.2	9.5	5.3	19.6	3.6	12.3	14.4
	1963	100.0	33.1	2.5	8.4	5.1	16.7	4.1	15.7	14.5
MADAGASCAR	1954	100.0	16.6	2.1	5.4	5.6	20.7	10.9	20.7	18.0
	1963	100.0	13.1	1.8	5.3	8.6	15.7	10.8	24.0	20.7
UGANDA	1954	100.0	6.5	0.7	6.4	3.3	19.2	10.0	24.5	29.4
	1963	100.0	4.2	2.0	7.7	7.0	19.2	7.8	30.2	21.8
KENYA	1954	100.0	9.0	1.0	11.4	3.7	13.5	11.7	26.8	22.9
	1963	100.0	7.9	2.0	11.3	8.3	11.6	11.2	25.8	21.9
FED. RHODESIA & NYASALAND	1954	100.0	10.1	4.1	4.7	6.9	11.7	8.7	32.3	21.5
	1963	100.0	9.7	3.8	6.8	9.9	10.0	8.4	32.8	18.6
MAURITIUS	1954	100.0	33.3	6.7	5.7	9.7	10.1	8.9	11.7	13.9
	1963	100.0	30.8	5.3	4.3	11.9	7.0	7.0	16.7	17.0
TANGANYIKA	1954	100.0	8.6	0.6	8.3	4.0	23.1	8.9	23.2	23.2
	1963	100.0	7.5	1.4	9.3	6.5	20.4	8.8	28.6	17.5
TOTAL	1954	100.0	12.1	2.7	6.7	5.6	15.3	9.6	26.4	21.5
	1963	100.0	10.5	2.9	7.4	8.7	13.3	9.5	28.1	19.5

Source: National data

insignificant. At the end of the period the percentage share of the two major west European trading blocs fell from around 60 per cent to about half of total sub-regional imports. However, the share of EFTA in both absolute and relative terms declined, whereas that of the common market group rose. By the end of the decade the share of the other "developed areas" moved from 6 to 16 per cent, which was largely due to the upsurge of Japanese exports into the sub-region. As a result of a seventeen-fold increase in Japan's exports to the sub-region during the decade, its share in the sub-region's total imports rose to around 8 per cent. The exports of the centrally planned economies also experienced a marked expansion in this period.

TABLE 35  
East Africa: Origin of recorded imports

	1953		1963	
	Total Million US\$	Per cent	Total Million US\$	Per cent
EEC	171.3	19.3	284.3	24.3
of which				
France	106.9	12.1	121.5	10.4
EFTA	350.5	39.6	323.4	27.7
of which				
U.K.	339.8	38.4	290.7	24.9
Centrally Planned Economies	2.9	0.3	28.1	2.4
African Countries	153.6	17.3	157.0	13.4
of which				
South Africa	13.5	1.5	120.0	10.3
- Portuguese Territories	1.3	0.1	5.3	0.5
Others	207.6	23.4	374.8	32.1
Developed areas				
USA	45.4	5.1	67.6	5.8
Japan	5.4	0.6	91.0	7.8
Canada	0.5	-	6.8	0.6
Australia	5.4	0.6	17.7	1.5
New Zealand	-	-	1.0	-
Rest	150.9	17.0	190.7	16.3
Grand Total	885.9	100.0	1,167.6	100.0

Source: National data



Intra-sub-regional trade

90. As is well known, intra-African trade is an insignificant proportion of total African world trade. Statistical coverage is extremely fragmentary, and the bulk of this trade is unrecorded. Data are not available for the entire sub-region, and hence only a very impressionistic picture can be given for selected countries. It appears that intra-African exports, as a per cent of total African world exports, has remained constant at around 5 per cent since the end of the war<sup>1/</sup>. The flow of the little trade there is among African countries is also uneven: the concentration is largely in areas belonging to the same monetary zone, or where countries share the same boundaries. Examples of the former are countries of the former West African<sup>2/</sup> and Equatorial<sup>3/</sup> customs unions, the former Federation of Rhodesia and Nyasaland, and the countries of the East African Common Market, whose intra-area trade was considerable, reaching three-quarters of the total exports of some of the countries. The second important category of intra-African trade has been mostly in evidence among the North African countries (particularly Morocco and Algeria) and between the countries of the West African and Equatorial customs unions and their immediate neighbours, mainly English-speaking countries.

91. From the data in Table 33 it is seen that sub-regional exports to other African countries accounted for about 10 per cent of total exports in 1953; ten years later this figure had slightly dropped. Of these total sub-regional exports to other African countries South Africa alone absorbed more than one-half. The share of the sub-region's total imports originating in South Africa, on the other hand rose markedly from around 10 to 75 per cent. Imports emanating from African countries

1/ United Nations Conference on Trade and Development: Intra-African Trade E/CONF.46/83. 10 March 1964.

2/ Mali, Mauritania, Senegal, Ivory Coast, Dahomey, Niger, Upper Volta.

3/ Gabon, Congo (Brazzaville), Central-African Republic and Chad.

outside the sub-region fell from 17 to 13 per cent of total imports by the end of 1963 (see Table 35).

92. The salient trait of intra-African trade is the very high share of agricultural commodities. Intra-African trade within the sub-region has been characterized by certain specific commodity flows indicating a certain pattern of territorial specialization. Some of the dominant commodities in this trade flow were live animals, cereals (rice, wheat and maize) sugar, tobacco, textile fibres and, to a minor extent, manufactured goods.

93. Within the East African Common Market, inter-territorial trade flows and balances (tables 36 & 37) reflect Kenya's superiority in the export trade which has thrived on her advantage in industrial allocation and a modern agriculture that enjoys a substantial intra-territorial market. The mounting concern of Uganda and Tanzania about Kenya's advantage in

TABLE 36  
East Africa: Value of Recorded Inter-territorial Exports  
(£ million)

Year	Kenya		Uganda		Tanganyika	
	to Uganda	to Tanganyika	to Kenya	to Tanganyika	to Kenya	to Uganda
1958	5.1	5.6	3.4	1.5	1.5	1.1
1959	5.8	6.5	3.6	1.6	1.8	0.7
1960	6.2	7.6	5.1	1.6	1.9	0.5
1961	7.0	8.9	5.1	1.7	1.8	0.4
1962	7.3	10.0	5.4	1.7	2.0	0.4
1963	9.4	10.3	6.2	2.0	2.9	0.5

TABLE 37  
East Africa: Inter-territorial Trade Balance  
(£ million)

Year	Kenya			Uganda			Tanganyika		
	With Uganda	With Tanganyika	Total	With Kenya	With Tanganyika	Total	With Kenya	With Uganda	Total
1958	+1.7	+4.1	+5.8	-1.7	+0.4	-1.3	-4.1	-0.4	-4.5
1959	+2.1	+4.7	+6.8	-2.1	+0.9	-1.3	-4.7	-0.9	-5.6
1960	+1.0	+5.0	+6.9	-1.0	+1.1	+0.1	-5.7	-1.1	-6.8
1961	+1.9	+7.2	+9.1	-1.9	+1.3	-0.6	-7.0	-1.3	-8.3
1962	+1.9	+8.3	+10.2	-1.9	+1.3	-0.6	-8.0	-1.3	-9.3
1963	+3.2	+8.4	+11.6	-3.2	+1.5	-1.7	-7.4	1.5	-8.9

Source: EACSC, Economic and Statistical Review, June 1964.

this regard culminated in April 1964 in the appointment of an Emergency Committee by the three countries to draw up proposals for redressing the imbalance of trade between them. The Committee, made up of Ministers of Finance and of Commerce and Industry in the three countries, submitted its recommendations in the Kampala Agreement. As far as trade was concerned, a new pattern of industrial allocation, which sought largely to duplicate certain lines of production in all the countries in order to reduce imports from one another was expected to have the following results.

- (a) As between Kenya and Tanganyika - an improvement of Uganda's trade balance by 24 per cent of the 1963 net trade balance;
- (b) As regards the favourable Uganda trade balance with Tanganyika - a total reduction of 17 per cent of the 1963 balance;
- (c) A reduction of 23 per cent of Uganda's overall deficit balance with Kenya.

A system of quotas and suspended quotas was also to be used to limit exports from surplus countries to deficit countries.

## F OUTLOOK FOR ECONOMIC CO-OPERATION IN EAST AFRICA

94. The East African sub-region as a whole is composed of a heterogeneous number of countries at different stages of economic growth, with a very limited degree of interdependence among them, as distinct from their constituent national parts. These observations have become even more true in the era immediately following independence, when co-operative institutions have weakened in anglophonic West Africa and among the countries of the franc zone customs unions in former French West and Equatorial Africa. The dissolution of the former Federation of Rhodesia and Nyasaland further illustrates the move away from economic co-operation. And yet there are many reasons that justify even firmer bonds and larger associations. Among these may be mentioned the small demographic base of the individual countries, associated with very low income levels and the restricted size of national markets, the emergent polarization of industrial development, unequal distribution of natural resources, and uneven degrees of development in small enclaves in different countries and a lack of harmonization of transport policies.

95. The need for economic co-operation in the sub-region is mandatory. Everywhere the very use of modern technologies, linked as it is to the processes of automation, requires large national units, small labour inputs and massive capitalization. If the present autarchic drift continues, it would lead inevitably in the forthcoming years to excess capacities and a general stagnation of industrial expansion. In a world in which technical and managerial skills and investment capital are in critically short supply, this trend can be disastrous indeed. The history of Latin American industrial experience serves as a useful precedent. In Latin America, each of the States has over the last fifty years been attempting to set up independently its own manufacturing enterprises, without regard to the obvious necessity to co-ordinate their efforts with their neighbours. However, due mainly to the smallness of the national markets and often of small production units, progress has been hindered, and this in a continent where per caput GDP and size of countries units are on the whole larger than in Africa. In

most cases excess plant capacity in industry has continued to plague Latin American industry.<sup>1/</sup> This tendency which has already begun to develop in the East African sub-region, no less than the rest of the continent, lends weight to the need for harmonized investment decisions and development policies, preferably through centralized planning for the entire Sub-region.

96. Appreciation of these facts has led to the determined efforts of the Heads of Government of Kenya, Tanzania and Uganda in recent weeks to save the common economic links binding their countries from threatened break-up. Elsewhere in the sub-region (Federation of Rhodesia and Nyasaland) where these bonds were permitted to snap, no effort is being spared to salvage as much as possible from the wreckage. Thus, a strong link still exists between Zambia and Rhodesia, with the former's copper industry largely dependent on Rhodesia's coal deposits. Zambia's largest source of imports is also Rhodesia, and the latter's trade surplus of over £34 million in 1964 was almost entirely accounted for by the surplus of visible trade with Zambia and Malawi. In this connexion the transport links are noteworthy. This complementarity can also be evidenced in the field of energy utilization and consumption, with the Kariba dam offering vital important inter-country links.<sup>2/</sup> Moreover, Rhodesia industries and Zambia's copperbelt mines depend heavily on labour from Malawi.

97. To understand fully the main issues to be contended with a move towards wider co-operation, the history and fortunes of the East African Common Market must be studied. Economic integration in former British East Africa<sup>3/</sup> assumed three distinct forms: customs union, common services

<sup>1/</sup> Sidney Dell, Trade Blocks and Common Markets, London, 1963, p. 198.

<sup>2/</sup> Notwithstanding the political altercations between Rhodesia and Zambia, plans are under way for further development of the Zambesi-Kariba hydro-electric power scheme with a loan of £2.8 million by the World Bank. Rhodesia Herald, 3 October 1965.

<sup>3/</sup> As indicated in the Raisman Report (Colonial Office: East Africa, Report of the Economic and Fiscal Commission, Cmd. 1279, February 1961), the common market in East Africa was initiated in 1917 with the institution of free trade between Uganda and Kenya. Tanganyika became part of the market by stages; a common external tariff was adopted in 1922, free trade of domestic products with Kenya and Uganda was introduced in 1923 and free transfer of imported goods followed in 1927. The East African Common Services Organization (EACSO) came into being in 1961 as the successor to the East Africa High Commission that had been set up in 1948.

(such as transport, harbours, telecommunications, etc.) and a common currency. Although, undoubtedly, there was a relatively free movement of the factors of production, the common market as the Raisman Report noted, was restricted by a number of artificial impediments. For instance, the movement of agricultural and livestock products between Kenya and Uganda was controlled, and there was some measure of import and export prohibition in the individual territories, as well as concentration of marketing in the hands of statutory marketing authorities. In this respect the market was not in the real sense 'common' for all domestically produced commodities. Whatever the common links that had been forged during the era of British rule, there was never a central binding planning policy, and overall economic planning organizations and institutions were never established. Indeed, the automaticity of the price mechanism continued to be the paramount economic coordinator<sup>1/</sup>. The upshot was that once British authority which had provided a cohesive force was removed with the advent of independence, any issues that made for differences that had been given only perfunctory attention, would come up for settlement with the inevitable assertion of independence by the new states. And there were several such issues, inherent mostly in the operations of the common market and common currency.

98. Firstly, the common market did not provide equal benefits to its member countries. The restrictions placed on the movement of agricultural and livestock products favoured Kenya. In the case of maize, Kenya's high cost producers were sheltered from Uganda's low-cost product, which was completely excluded from the Kenya market immediately the control agreement was signed.<sup>2/</sup>

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1/ This should, however, be qualified, since there was interventionism through the office of the High Commission, statutory marketing authorities, state participation in production, and industrial licensing.

2/ The IBRD- Economic Development of Uganda, Government Printer, Entebbe, Uganda, p. 151. Uganda's maize exports to Kenya which reached peak in 1954 (valued at L.1.1 million) almost ceased in 1955.

99.. Secondly, the industrial licensing system, intended to control the distribution of industry among the member countries, soon fell into disuse, and Kenya, enjoying locational advantages from the beginning, became a natural magnet for industries. Her large European and Asian community with considerable purchasing power conferred on it by high income levels, was a substantial initial advantage. With the Industrial Licensing Council failing to take the required decisions to prevent disparate development, we have an outstanding example of a disinclination to use authority to correct imperfections brought about by the operation of free market forces. This contrasts with interventionism in agriculture, which prevented what would have been a more rational result of the free operation of the price mechanism in the common market.

100. Thirdly, Kenya's strong industrial position and the protection accorded to her agriculture contributed to the disequilibrium in trade mentioned earlier. The recommendations of the Kampala Agreement as regards industrial allocation<sup>1/</sup> are not difficult to understand in this light. Uganda which has made a vigorous push on the industrialization front through the Uganda Development Corporation, aided by profits of marketing boards during the coffee boom of the 1950's and some degree of foreign aid, does not have as much lee-way to make up as Tanzania, and it is to be expected that future allocations will also be guided by this fact.

1/ The distribution was as follows:

Tanzania - radio manufacture and assembly, manufacture of motor vehicle tyres and tubes, manufacture and assembly of land movers and one type of lorry and truck.

Uganda - manufacture of nitrogenous fertilizers and bicycles.

Kenya - manufacture of electric light bulbs.

NOTE: In the case of lorries and trucks, no country may be accorded monopoly rights in the entire common market area.

101. Fourthly the free movement of labour favoured Kenya, where greater economic activity resulted in a net gain of immigrants at the expense of the other two countries. With more attractive job opportunities, the immigrants stayed on to strengthen Kenya's labour force in terms of both numbers and skills, and it is estimated that not even their remittances home resulted in a reduction of Kenya's overall gain.

102. Fifthly, the concentration of industrial activity in Kenya, and the substitution of Kenya-made goods for extra-common market imports entailed a loss of customs revenue for Tanzania and Uganda. On the other hand, increased economic activity in Kenya enhanced that country's budgetary resources largely through corporate taxation. The distributable pool of revenue<sup>1/</sup> to be derived from revenue from economic undertakings benefitting from the existence of the common market enabled Kenya to compensate the other two to a great extent. However, the relatively underdeveloped state of the economies of these two countries left them with a sense of frustration.

103. Lastly, is the common currency system. It did not take independence to recognize the inhibiting effects of the East African Currency Board's mechanism. A monetary system, backed almost fully by foreign exchange earnings held in another country, cannot lend itself to a flexible economic policy. This is particularly serious in a period when balance of payments deficits are becoming more frequent and chronic. Even if a common central bank were set up for all three countries, the point should be borne in mind that, in the absence of a common economic policy, the fear would be real that capital would, like labour, flow in excessive amounts to Kenya to add to that country's disproportionate benefits. Moreover, with the restrictive effects of

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<sup>1/</sup> Raisman Report, op.cit. The revenue was composed thus:  
40 per cent from annual proceeds of income tax charged on company profits realized from manufacturing and finance in the states;  
6 per cent of annual revenue accruing from customs and excise duties levied in the states.



colonial-type currency removed, individual national policies could lead to distortions in factor flows, particularly whenever inflation sets in in one of the countries.

104. The common currency constituted yet a further source of strain, which stemmed from imbalances in the external sector (table 10). Kenya, for instance, had a total adverse trade balance in recent years, whereas Uganda and Tanzania have had positive trade balances with the outside world. This Kenya trade imbalance with the outside world contrasts with its favourable balance within the common market area. Indeed, Kenya has traditionally financed its external trade deficits by trade surpluses with Tanzania and Uganda. In addition, Kenya had enjoyed an important invisible trade surplus in insurance banking and various services.

TABLE: 30

East Africa: Trade balances with the external world  
(in £ million)

Country	1960	1961	1962	1963	1964
Kenya	-29.9	-27.2	-24.3	-22.7	-23.0
Uganda	+16.2	+14.7	+14.7	+23.6	+33.6
Tanzania	+19.1	+9.8	+12.9	+24.6	+27.8

Source: EACSO, Economic and Statistical Review No.14 March 1965.

105. The apprehensions of the Painman Report have been borne out by the tide of events. In addition to the disparate growth rates which have characterized recent years, divergences in political, social, and economic policies have also presented serious deterrents to closer integration and harmonized development. Kenya and Tanzania, for instance, take diametrically opposite stands on economic policies, with Kenya pursuing a quasi-liberal economic policy, whereas Tanzania places increasing reliance on state interventionism and public ownership. The shift away from economic liberalism in Tanzania is mirrored in the Tanzanian government policy statement embodied in the document,

'Africanizing the Economy' of March 14, 1965, which declared that "the monopoly of business and commerce at present held by foreign firms and minority communities in Tanzania must be broken".<sup>1/</sup>

106. Economic policy of the Kenya government is on the other hand, basically one of dependence on and accommodation with the private investor and entrepreneur who is still largely a non-African. As the Kenya plan notes: "Close co-operation between Government and the private sector is the key element of development planning."<sup>2/</sup> It is significant that one of the critics of Kenya's recent manifesto of national aims (African Socialism) is Tanzania, which regards Kenya's conciliatory attitude to private enterprise as anathema. Little wonder that a major complaint of many decision makers in Uganda and Tanzania is that their countries are subsidizing incomes and employment in Kenya as well as the profit margins of Kenya's non-African entrepreneurial elite. These different economic policies have also led to divergent attitudes towards the socialist and non-socialist blocs.

107. Difficulties in co-operation have been further accentuated by the opposed views that the three countries have on political federation. Kenya's political independence was accorded in 1963 on pressure from Uganda and Tanzania, who argued that Kenya's independence was a pre-requisite for early political federation. In the event, however, not all three countries have exhibited equal enthusiasm for a speedy move towards this goal. Tanzania has been the most enthusiastic, and its disappointment with the retarded progress is illustrated by President Nyerere's

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1/ Quoted in Africa Research Bulletin: Economic Financial and Technical Series, Vol.2 No.3, March 15-April 14, 1965, pp.267-268. Such an economic transition is to be achieved through such state bodies as the National Development Corporation, the Infrata and various co-operatives. There is, however, clear recognition of the need for foreign managerial skills.

2/ The Plan, p.38. To understand the doctrinal impulses behind the Kenya plan see also, Republic of Kenya, African Socialism and its Application to Planning in Kenya, Nairobi, 1965.

statement<sup>1/</sup> at the ceremony for laying the foundation stone of the East African Common Services Regional Headquarters in Dar-es-salaam on 15 July 1965:

"The tendency to co-operate in East Africa must be nursed by all of us ..... Tanzania argues patiently and for years that, as long as we fail to federate, it is inevitable for the East African States to have separate currencies and to work out some adjustments in the working of the common market".

108. These fundamental contradictions in policies have accelerated the pace of disintegration. The decisions to set up separate national banks to issue independent currencies are examples. Moreover, foreign exchange control is being introduced to prevent capital flights and speculation, while for the first time, increased and new taxes have been imposed by all three without much effort to reach agreement with their neighbours. Negotiations for the construction of the Tanzania-Zambia rail link have also not drawn forth the required unanimity from the two directly interested countries, who have for some time sought external aid from different sources with hardly any mutual consultation.

109. The accord of temporary landing rights by the Kenya government to a foreign airline has also led to misunderstanding, as this is deemed to be inimical to the East African Airways, while redounding mostly to the benefit of Kenya's tourist industry<sup>2/</sup>. Finally, a blow has been dealt to the unified university system, which appears to be well on the way to disintegration. This, is without doubt an unfortunate development, not only because of the colossal capital outlays entailed in duplicating buildings, equipment, staff, and other teaching facilities, but also on account of the fact that no single African country to-day can venture alone into all the complex and costly scientific specialisms, which are indispensable to rapid economic growth.

110. As has been stated in paragraph 106, the Heads of government of the three countries have indicated that they intend to maintain economic

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<sup>1/</sup> Africa Research Bulletin: Political, Social and Cultural Series, Vol.2 No.7, July 1 - 31, 1965, p.330.

<sup>2/</sup> Africa 1965, No.17, August 27, 1965, p.2.

unity among themselves, and in particular to preserve the common market and common services. It is too early to say if they will agree to reverse some of the decisions already taken that undermine economic co-operation. But this should not be required in every case. For instance, it is possible to achieve harmonization of economic policies with separate national banks, though the task should of course be easier with a common central bank issuing common currency.

111. Political Federation should of course facilitate the adoption of a common development policy and general development. This question should, however, be viewed against the background of the larger number of countries that stand to benefit by economic co-operation in the sub-region. Desirable as it is to rescue the East African Common Market from disintegration, it should be recognized at the same time that it would be more worthwhile and in keeping with current trends to aim at a larger economic grouping that could secure even greater benefits for its constituent members. Such a large association would, among other benefits, provide a bigger forum in which to settle issues; and it is not unlikely that in such a forum, the irritants that are apt to lead to discord in the smaller group might lose some of their sting.

112. A wider co-operation embracing the entire sub-region, and reaching beyond its borders should, for instance, get Kenya, Tanzania and Uganda away from the present narrow bilateralism that characterizes the trade pattern laid down in the Kampala Agreement. A payments agreement to take care of imbalances in trade should assist this process. For the time being, however, the present compulsion that Kenya feels to find markets to replace those lost in the new scheme of things will result in a widening of her horizons. The experience of nations with large export markets proves that it is possible to enlarge the scope of business activities (e.g. in fields of investment and output) through the acquisition of fresh trade partners. The Kenya economic mission recently sent to Madagascar, Ghana and Liberia to explore trade possibilities with those countries are therefore, moves in the right direction. Equally, existing trade links should be strengthened considerably both within and beyond the sub-region.

113. It need hardly be stressed that the time has also now come for countries within the sub-region to forge new trade links. New export products will emerge with economic growth, and these and the traditional ones will demand new trading partners, not only inside the sub-region, but also in the rest of the African region as well as beyond. If this new sense of urgency animates economic policies, it will lead to a faster economic growth than the efforts that are now being made to limit trade.

114. The case of trade has been dealt with in some detail; but economic co-operation should embrace all the other sectors of national economies: agriculture, industry, economic and social infrastructure, including transport, monetary and fiscal relations, factor development and movement — in short, general economic policy. The experience of the East African Common Market and other similar economic groupings illustrates abundantly the difficulty of working such arrangements without adequate central power to enforce decisions. Short of complete political federation, a variety of formulae exist for ensuring that the required decisions on all matters are implemented by the member countries. It is refreshing to note in this regard that Tanzania does not now insist on immediate political federation as a precondition for continued economic co-operation, and urges instead that "realistic arrangements for co-operation and joint activity, short of federation, must be worked out to compensate for existing deficiencies..."<sup>1/</sup> In any such economic grouping it goes without saying that the success of the union is directly dependent on the devotion with which the members fulfil their commitments, no less than the courage with which they formulate decisions and execute them. It also requires a high degree of statesmanship, particularly in all matters relating to national sovereignty.

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<sup>1/</sup> Africa Research Bulletin, Economic, Financial and Technical Series, Vol.2. No.7, p.332.