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OVERVIEW OF SUBREGIONAL COOPERATION WITHIN THE PERSPECTIVE OF THE STRUCTURE OF THE AFRICAN COMMON MARKET

I. INTRODUCTION

1. The problem of economic integration in Africa has led African States to adopt a timetable for the establishment of an African Economic Community. The schedule outlines five stages spanning over a period of 34 years with the first and the second phases lasting five and eight years respectively. Efforts during these two stages should be focused on strengthening existing the economic communities and stabilising customs tariffs as well as lifting other barriers that hinder intra-community trade.

2. Moreover, in their pursuit of the objective of structural transformation of Africa, using the collective self-reliance strategy adopted in the Lagos Plan of Action and the Final Act of Lagos, African States should vigorously seek to bring their adjustment policies into harmony with their long-term development policies.

3. The Economic Community of the Great Lakes countries which was established since 1976 has tremendous resources namely in the field of agriculture, mining and energy. The Community also has a huge subregional market and has already set up an adequate institutional framework by way of establishing such development and integration instruments as the Development Bank of the Economic Community of the Great Lakes countries; the Association for the Electrification of the Great Lakes countries of the Great Lakes and the Institute for research in Agronomy and animal husbandry. All these institutes can play a role in the implementation of the CEPGL economic integration programme and in the attainment of the objective of the structural transformation of Africa both through the development efforts the Community has undertaken or plans to undertake and through the historic bonds of cooperation that the community maintains with Central and East African States.

4. There are numerous constraints initiating against the achievement of this goal. The present survey forms the basis for the formulation of a model for economic cooperation and integration of the CEPGL subregion. This model provides for the gradual removal of these constraints suggesting basic principles to guide member States in their efforts to rationalize existing activities and proposing how longer-term specialization might be achieved using the comparative advantages of each country.

II. THE PRODUCTION AND MARKETING STRUCTURES OF CEPGL countries

2.1 Production structures

5. The CEPGL member countries have similar economic structures and to a certain extent their national resources are complementary. In most cases, the potentials could be seen in one or two of the three countries. Seven priority sectors have been identified as having those complementary potentials which could promote the creation and development of production and trading activities of common interest.

Agriculture, forestry and fisheries

6. The climate of the subregion is suited for agriculture and the peoples have a long agro-pastoral tradition especially in Burundi, Rwanda and North-Eastern Zaire. The production systems are based on traditional family farms. The level of mechanised agriculture is low. Burundi has 3.5 inhabitants per hectare of land, Rwanda 5.5 and Zaire 2.9. The traditional structures are used for the production of food crops. A slightly improved structure together (with some degree of mechanised agriculture and modern inputs) is used for the production of cash crops. In 1991, agriculture contributed 51.4 per cent to GDP in Burundi, 40.3 per cent in Rwanda and 30.2 in Zaire at 1980 constant prices.

7. Cash crops account for 8.7 per cent of agricultural production in Burundi, 4 per cent in Rwanda and 27.8 per cent in Zaire. In Burundi and Rwanda, however, they account for the lion's share of the overall value of exports (about 94.4 per cent for Burundi and 93.5 per cent for Rwanda). In Burundi and Rwanda, the national economies are primarily dominated by industrial crops. In view of this dominance, there is strong competition between food crop farming and cash crop farming resulting sometimes in a paradoxal situation which has a direct bearing on food production. To support the simultaneous development of food

crops and industrial crops raises the issues of availability of resources and arable land. The dilemma is that industrial crops are a source of foreign exchange while food self-sufficiency depends on food crops.

8. The constant deterioration in the food situation runs the risk of dangerously increasing the dependence of the subregion on external sources for food and this is due among other things to the absence of zones specializing in the production of certain crops. As a result, there is poor use of arable land, excessive land use, soil erosion, seed degeneration, inadequate storage facilities and lack of an adequate transport and distribution network.

9. In short, the integrated agricultural development of the CEPGL member States is based on very modest community activities in the absence of a common agricultural policy. Others factors are the demographic pressure on limited available land in Burundi and Rwanda, the lack of infrastructure facilities and inadequate financial and technical inputs to develop the agricultural sector. To date, the various activities undertaken have not been conducted in any coherent manner to meet the needs that must be satisfied in the subregion.

10. In order to achieve the objectives of food security and food self-sufficiency in the CEPGL member countries, a crop harvest forecasting system should be set up and machinery instituted to monitor the marketing of food crops. Increased efforts will also have to be made in research and in the application of appropriate technologies to produce processing, conservation and packaging.

Energy

11. The CEPGL member States have a limited supply of natural gas. Rwanda produces one million cubic meters of methane gas each year while Zaire produces an average of 11 million barrels of crude oil per annum. Supplies for the energy market are secured through hydro-power generation and the importation of fuel. In 1989, Burundi spent $US 20. 4 million on the importation of fuel and lubricants while Rwanda and Zaire spent $US 45.5 million and $US 123 million respectively on these commodities.

Hydro-power

12. In 1989, the three countries produced together 6,400 million KWH of electricity. Energy supply in the rural area is very limited though electricity is needed for the processing of agricultural products, the establishment of small- and medium-scale enterprises, the improvement of the quality of life of the peoples and to check the rural exodus by creating new activities in the rural areas. The three countries commissioned a joint electric power station in July 1989 with an installed capacity of 26 MW though the plan is to generate 40 MW. It can produce 11,000 MWH per month and transmit it into the already interconnected subregional network.

13. A preliminary interconnection of networks was made from the Ruzizi I Power Station which is linked to the Buhavri-Bujumbura network with a capacity of 70 KV and the Rwanda network with a capacity of 110 KV. The interconnection of the electricity networks of Burundi and Rwanda to the Inga/Shaba network and possibly to the networks of adjacent countries (Tanzania, Uganda and Kenya) will provide not only a stable supply of inexpensive electricity but could also contribute to the establishment of industries along the grid lines.

14. The principal objective here which is to develop and harness natural energy resources is far from being achieved as the Community remains highly dependent on the supply of energy resources from outside to satisfy its needs. The interconnection of power grids, the construction of the Ruzizi II dam and the follow-up activities on the methane gas project have not yet yielded the expected results since the Community still has a very high energy deficit. Enormous technical and financial inputs are required to overcome the deficit. One of the weaknesses of the approach pursued to date is the concentration on hydro-electric power to the detriment of other forms of new and renewable sources of energy which are more suitable for the rural

areas. Therefore the future policy should place emphasis on the formulation of a master plan on energy development which should integrate the projects on methane gas, coal, peat, alcohol-fuel, solar energy and wind power.

Mining

15. Mining production is low in Burundi and Rwanda. Zaire mines and exports copper, diamond, zinc, cobalt, coal and tin. However, the production of these minerals has fallen considerably in tonnage since 1986 because of problems associated with production namely, landslides in mines and problems related to the evacuation of minerals. Copper production, for example, fell from 506,000 tons in 1986 to 441,000 tons in 1989 while electrolytic zinc dropped from 64,000 tons to 54,000 tons during the same period. The contribution of mineral production to GDP in Zaire fell from 25 per cent (that is $US 800 million) in 1985 to 19 per cent in 1989 following the 40 per cent steady decline in the price of copper and diamonds since 1985.

Manufacturing industry

16. The level of manufacturing output is very low in the CEPGL countries. Manufacturing value added at factor cost accounts for 14 per cent of the GDP of CEPGL member States and is distributed as follows: 23 per cent for Rwanda, 15.7 per cent for Burundi and 6.5 per cent for Zaire. However, the classification of industrial activity is not uniform in the three CEPGL countries. Zaire classifies coffee processing as an agricultural export activity while the other countries consider it as a beverage industry. From 1988 to 1990 the industrial index of the CEPGL countries as a whole fell by 15 per cent as a result of diminishing investments, the aging of production tools, produce evacuation difficulties and the social upheavals that have persisted since 1990. The industrial processing plants that have encountered a considerable drop in activity are in the beverage industry and the agro-industry. Whereas the dairy textile and building material industries have expanded in Burundi and Rwanda, these industries have declined in Zaire.

Transport and communications

17. The three CEPGL countries are faced with serious problems both with regard to internal traffic and with regard to the evacuation of produce for export. At the intra-community level, activities are geared towards business promotion and trade in goods and the free movements of persons as well as opening up the subregion to make physical integration a reality, the latter being one of the preconditions for socio-economic integration. The pursuit of this policy guideline has been made easier by the establishment of the following mechanisms: adoption of transit norms for road transport between the member States, rules governing vehicle insurance, regulations concerning a postal arrangement and a policy for cooperation and telecommunications development among the CEPGL member countries. Important strides have been made in building infrastructural facilities and the following roads have been tarred: Kigali to Gisenyi towards Goma in Zaire: Kigali to Butare/Gyangungu towards Bukaru/Bujumbura-Gyangungu-Bukaru, Bukaru-Kisangani, etc. Also, the international airports of Bujumbura, Kigali and Goma in Zaire have been modernized and their ground lighting systems improved.

18. The three CEPGL member countries have acceded to the transit agreement on the northern corridor serving the ports of the Indian Ocean, on the central corridor which connects with the port of Dar- es-Salaam in Tanzania, on the diversification of road and rail outlets and on the inland water transport system linking Lake Tanganyika, Zambia, Uganda and Angola. However, there are several institutional shortcomings as far as the coordination and harmonization of policies in this area are concerned. The other weak point has to do with the ratification and enforcement of the conventions and protocols adopted.

Human resources, science and technology

19. Population explosion in Burundi and Rwanda continues to be a source of concern to the CEPGL member countries and in order to deal with this problem, they have adopted a convention on the free movement of persons, of goods, of capital and the right of residence. However, the optimum utilization of human resources is handicapped by the low level of literacy which is about 40 per cent on the average in those countries. Total employment in the formal sector increased from 1,348,000 in 1980 to 1,607,000 in 1985 and to 1,893,000 in 1990. This is an annual average growth rate of 3.3 per cent. The CEPGL member States are planning to coordinate their activities in the field of training where specific complementarities exist in training facilities.

20. Among other things, the following objectives have been adopted to establish structures and mechanisms for making policy in education, science and technology; to develop, create and maintain research centres as well as scientific training and documentation structures; to introduce the necessary socio-economic changes for the improvement of the quality of life of the majority of the population; to develop cooperation and promote the sharing of information and to ensure that science and technology are appropriately used for the integration of other sectors.

2.2 Structure and development of external trade of CEPGL member States

Global external trade

21. Burundi, Rwanda and Zaire grant each other free transit across their territories within the limits of the rules in force on the international transit of goods. Such passage only requires the payment of administrative fees. There are rules laid down by the various central banks as far as trade concerning exports originating from each country is concerned. The structure and development of foreign trade of the three countries are shown in the tables in the annex.

Burundi

22. Burundi's external trade shows a chronic balance-of-payments deficit. However, the export import ratio has clearly improved from 41 per cent in 1982 to 60 per cent in 1990. This huge deficit shows that Burundi which is an LDC needs a minimum of essential imports to sustain its economy.

23. Burundi's import structure shows a degree of consistency among producer goods, capital goods and consumer goods. On the other hand, its export structure shows an excessive dependence on coffee without much medium-term diversification although coffee production has slightly given way to the production of tea, cotton and hides. Manufactured exports are notably asbestos products, bottles, beer and cotton materials.

Rwanda

24. Rwanda also has a huge trade deficit, although the ratio of exports to imports rose from 50 per cent in 1982 to 75 per cent in 1990. Rwanda's import structure, like Burundi's, shows that priority is given to capital and consumer goods over producer goods with petroleum products accounting for more than 50 per cent. Consumer items are namely, food products, clothes and pharmaceuticals. As far as exports are concerned, coffee and tea play a preponderant role in the economy of Rwanda as in that of Burundi. The manufactured products are glass bottles, beer, foam mattresses, cotton materials, asbestos products, common metal products, soap, textiles, paint, cement, cinchona and glycerine. Petroleum products accounted for only 1.7 per cent of Rwanda's exports to the other CEPGL member States in 1991.

Zaire

25. Zaire's trade balance appears to show a su.plus. The surplus in the merchandise account off-sets the deficit in the other accounts notably in the foreign exchange and the capital investment accounts.

26. The external trade structure of Zaire is dominated by GECAMINES which is the mainstay of the economy. It is followed by energy products (notably the export of crude oil) diamonds and coffee. Mining products account for 80 per cent of exports. Agricultural products namely, coffee, timber, logs, oil and oil cake account for eight per cent of exports. Industrial products namely cement, cinchona and fuel-oil account for two per cent of exports. In order to boost industrial exports, the government eliminated all export duties on timber as well as on petroleum and mining products. Trade mostly takes place with OECD countries which account for 84.1 per cent of Zaire's imports, and 98.7 per cent of Zaire's exports while trade with the CEPGL member countries still remain at a very low level.

2.3. Production and intra-community trade constraints

27. The bottlenecks to the expansion of trade among CEPGL member States are notably:

(a) The production plants are hardly competitive as their selling prices are very high. The lack of an integrated network for the import, export and distribution of goods originating from member States has meant that the products are not well known to the trade operators and are as a result, little traded among member States of the community;

(b) Furthermore, the cost of production and transportation are notably high in the manufacturing sector and communication difficulties have led to a lack of commercial and financial information about the CEPGL market in particular;

(c) The national currencies of the CEPGL member States are not stable. The exchange rate is different from country to country. Burundi has a fixed exchange rate that could be revised while Rwanda has a fixed rate regime which is periodically revised while Zaire operates a floating rate of exchange which is determined by market forces and thereby constitutes a source of constant currency instability hindering commercial transactions; and

(d) As far as the mechanisms and instruments for the promotion of intra-community trade are concerned, the three list of tradeable goods drawn up between member States merely shows a list for each country's products rather than a joint list of tradeable items. The fact that the agreements have not been ratified has led to custom problems since the CEPGL preferential tariff has not yet come into force.

3. Analysis of complementarity

28. It should be recalled that the CEPGL member countries set themselves the objective of intensifying and increasing intra-community trade through the gradual liberalization of intra-community trade in accordance with a two stages timetable: (i) the establishment of a free-trade zone in the first stage, and (ii) the establishment of a common external tariff. This is why the trade and customs cooperation agreement a monetary arrangement of 1978 were reviewed in 1982 and 1981 respectively.

29. The available statistics and other data concerning intra-CEPGL cooperation are still embryonic and do not clearly indicate the comparative advantage of each country. None the less,using patchy and unquantified information from available studies, the tables in the annex indicate; (i) the existing and potential complementarities in agriculture, industry, energy and mines among the areas of production and among the various markets of the subregion; and (ii) map out the growth pattern of intra-community trade.

30. The total volume of intra-community imports which account for only 1 per cent of total imports rose from 9.6 million SDR (IMF Special Drawing Rig. .ts) in 1985 to 15 million SDRs in 1990 showing an average annual growth of 9.5 per cent whereas the total volume of exports grew from 9.4 million SDRs to 16.9 million SDRs during the same period, marking an annual growth rate of 12.5 per cent. Burundi's imports from Rwanda and Zaire account for 10 to 30 per cent of intra-community trade whilst exports fluctuate between 37 and 64 per cent. Rwanda's imports from Zaire and Burundi still remain above 41 per cent while six per cent of its exports go to those two countries. Zaire's imports from the two other countries, range from 35 to 56 per cent from the two countries, the average being 28 per cent for imports and 46 per cent for exports.

3.1 Agriculture, animal husbandry and forestry

31. Burundi, Rwanda and Kivu (the eastern province of Zaire) produce and consume mainly the same varieties of beans, sorghum, banana, fruits and vegetables. Beef and cow milk feature in their diets which are similar. Therefore, they have the same types of production, consumption patterns and diet.

32. However, the cost of agricultural output is different and generally the products are only sold within the border areas or in the informal sector.

33. The cost of agro-food production is the lowest in Zaire but the price becomes very expensive on reaching the borders when the high cost of road and rail transportation is added. Significantly, this offsets Zaire's enormous comparative advantage.

34. Conversely, agricultural imports from Burundi and Rwanda are generally less expensive at the Zairian border towns than certain foodstuffs transported from within Zaire by road or by rail. For example, market gardening products, beef and salted fish are cheap in Guma but would cost two to three times more in Kinshasa (which is 2,500 km away) than the same products imported from Europe by sea and by rail.

35. The nature of Burundi's trade policy and state of its communications infrastructure focuses more attention on external trade than on domestic trade. The capital, Bujumbura, which is the major commercial and industrial centre, has the fastest and the cheapest transport system for trading purposes through river transportation on Lake Tanganyika. Its trade links focus more attention on Tanzania and Zaire than within Burundi. The Burundi coast on the lake which is 135 kms long is cut off from the interior of the country and Bujumbura is linked with the major agricultural markets of the country by six principal trunk roads five of which are tarred (about 1,000 kms long). These main routes are linked to the surroundings by rough albeit dense network of paths used by the farmers. Although the process of collecting agricultural products is difficult, the cost is the less than in Zaire.

36. The agricultural economy of Rwanda is the most integrated in the subregion and has the lowest domestic transport cost. The road network is extensive and in good repair. All the eleven district headquarters are cross-roads for several important national road networks. The paths used by farmers and herdsmen link up almost all the agricultural and pastoral production zones to the national networks.

37. Despite this huge transport advantage, the country has few cold storage facilities appropriate for the transportation of milk and dairy products. For example, fresh milk from Gishwate in the north-west of the country is thrown away in huge quantities due to the lack of transportation facilities to take it to the milk-processing factory at Nyabisurdu which is about 150 kms away.

38. While still considering complementarities, mention should be made of the degree to which food calory, protein and fat requirements are met from local sources in order to assess accurately the level of food self-sufficiency that the country has attained. The conclusion, therefore, is that despite their immense agricultural potential, the food deficit of these countries keeps growing and certain food items are imported from outside whereas they could have been produced locally. This is due to the fact that the country has

no food strategy and this has led to a situation whereby food is imported in cases where the needs have been met or food is imported where the needs could have been met from local production.

39. While the food calory intake almost meets requirements, the protein and fat intakes are lopsided, showing; an excess protein intake and a deficit in fats.

40. To attain food self-sufficiency, Burundi should make an effort to increase its production of fatty foods. Food should only be imported to supplement dietary deficiencies. It was a waste for the country to import 1,668 tons of cereals in 1987 and 632 tons of pulses which are high protein and calory content food items that could be produced locally.

41. Similarly for Rwanda, the food intake requirements show notably a protein deficiency and a serious deficit in fats with calories showing a slight surplus.

42. Despite this situation, Rwanda continues to import high protein and calory foods (8,860 tons of cereals) which could be produced locally.

43. In Zaire, tuber production has a huge surplus as compared to the theoretical needs (namely FAO standard requirements). On the other hand, cereals are in short supply (that is maize, rice, wheat, etc.) and the volume of imports for these products increased from 185 tons in 1984 to 280 tons in 1987. Judging from this brief analysis, Burundi and Rwanda could specialize for example in the production of cereals and export the surplus to Zaire where the food situation remains highly unbalanced due to the over-production of tubers and the very low availability of cereals.

Prospects for the development of agricultural cooperation

44. The long-term agricultural development objective of CEPGL countries is self-sufficiency and food security of the subregion through intensive production, the reduction of food losses and a more efficient method of preserving agricultural products. The intensification of agricultural production should promote the development of agricultural commodity processing industries.

45. The strategy adopted by member States is the development of joint agricultural potential at the national level and/or at the community level so that the necessary conditions could be created for an economic integration scheme beneficial to all member States. More specifically, the establishment of a common agricultural policy using adequate food strategies should make it possible to create specialized production zones that make better use of the soil and help combat soil erosion and degradation. This goal should be achieved through joint efforts at determining high-yield zones for the various types of potential crops and at creating trade networks within the community.

3.2 Industry

46. The most important industrial products traded are:

(a) Cotton materials and threads;
(b) Bottles;
(c) Plastic cartons and pots;
(d) Crown-corks;
(e) PVC pipes and accessories;
(f) Beer; and
(g) Palm oil.

47. As in agriculture, the tradeable agro-industrial products can hardly be transported distant markets. Transportation is difficult and distribution circuits are rare and fragmentary. Distribution costs are high and

so it is impossible to trade in agro-food items over long distances. There is hardly any market in the zone which is large enough to make the existing agro-industries or those planned viable.

48. For example the tomato paste factory in Rwanda has an installed annual capacity of 5,000 tons but only sells 500 tons on the local market. It operates at 10 per cent of its capacity with a constant excess whereas the market in neighbouring Burundi cannot absorb the surplus - though it needs it - because of the high cost price .

49. In the same way, fishery products from Burundi or Zaire do not have distribution outlets to markets in Kikwit and Idiofa in South-Western Zaire where there is a severe deficit of meat products. Other manufactured products such as fertilizers from Zaire are not marketed within CEPGL countries.

Prospects for the development of industrial cooperation

50. In the 1980s, the member States of the community initiated an industrial cooperation scheme. Many projects were identified and selected with a view to strengthening sub-regional integration. However, the impact of this programme on the economy of the three countries has yet to be assessed. A more effective development of sectoral complementarities can be undertaken in the following key areas:

1. The strengthening of agro-industries through

- the establishment of an integrated complex for the processing of livestock products including the construction of a slaughterhouse and a dairy factory;
- the establishment of a distillery which can be fed from the sugar refinery in Burundi;
- the integrated development of fisheries;
- installation of an industrial complex for wood processing;
- the extension of the textile complex in Bujumbura;

2. The development of engineering industries through

- the production of crown-corks in Burundi;
- the expansion of the tin foundry in Rwanda so that the available tin reserves in the subregion could be utilized;
- rehabilitation of the steel-works at Maluku in Zaire;
- the production of electrical equipment in Rwanda
- the production of agricultural machinery and equipment in Rwanda.

3. The development of chemical industries through

- the production of active ingredients for pesticides in Rwanda;
- the production of nitrogen fertilizers within the integrated programme for the development of the gas resources of Lake Kivu;

- the expansion of the regional pharmaceuticals laboratory in Burundi;
- the production of calcium carbide in Rwanda;
- the establishment of a methanol production complex in Zaire;
- the production of spirits in Rwanda;
- the expansion of a bottle factory in Burundi;
- the expansion of the cement factories at Mashyza in Rwanda and at Katana in Zaire.

3.3 Energy

Petroleum

51. The three CEPGL countries are all importers of petroleum products. Zaire and Burundi have petroleum deposits but only Zaire produces crude oil. Burundi and Rwanda have a particularly high oil import bill as they are landlocked countries and transport cost accounts for up to 40 per cent of the selling price of petroleum products. To date, Rwanda and Burundi have not taken advantage of this important complementarity with Zaire.

Hydro-power

52. On the other hand, these countries have a long history concerning the joint development of their hydro-electric potential. The CEPGL energy organization is responsible for maintaining and strengthening energy cooperation among the member States.

53. It has already completed the construction of the Ruzizi II hydro-electric power station which is under the management of Société internationale d'Electricité des pays des Grands Lacs (SINELAC). This station is a powerful instrument for cooperation and integration not only among the CEPGL countries but also between the member States of CEPGL and the countries of East and Central Africa. The development of trade in electricity supply between the various subregions is shown in the table in the annex. In 1985, Zaire imported 7199 KWH of electricity from Rwanda and Zambia and exported 153952 KWH of electricity to Angola, Burundi, Congo, Rwanda and Zambia.

Prospects for the development of energy cooperation

54. The subregion has immense stretches of forest area in Zaire covering 52 per cent of its land surface and accounting for about 47 per cent of the total forests of Africa. Zaire has most of all the species of timber exported from Africa. It is estimated that in Zaire alone 60 million hectares of forest can be exploited. On the other hand, in Burundi and Rwanda, the forest area has diminished in view of the high rate of firewood consumption.

55. The subregion has other energy resources such as coal, peat and methane gas which are found in Zaire and Rwanda.

56. At present, the energy potential of the region is largely under- exploited for its development needs and the subregional energy objectives are:

(a) To develop hydro-electric power through the promotion of small-scale hydro-power schemes within countries and/or schemes situated at border points;

(b) To make maximum use of existing production capacities through the development of energy distribution means in the subregion; and

(c) To supply the peoples of the subregion with cheap energy.

57. The strategies adopted are essentially based on the joint development of hydro-electric power taking into account the price structure for imported and exported energy and the interconnection of high-output national grids to ensure the security of electricity supply and to contribute to the development of industries along the grid lines.

58. They also aim at the standardization of production materials and equipment, transport and distribution facilities and the development of other energy resources as well as the training of skilled personnel.

3.4 Mining

59. The subregion has immense iron-ore reserves in Zaire. The most significant deposit for Burundi, Rwanda and the eastern part of Zaire is in Upper Zaire. The iron-ore deposits are estimated at over five billion tons of a 60 per cent grade ore. It is of major importance for CEPGL to adopt a joint development policy for the iron and steel industry based on the development of these deposits since iron and steel works consume huge amounts of iron.

60. Among the other potentials that may be jointly harnessed for integrated development of the CEPGL member States are the coal-field at Kaliémie, rock staffs in Shaba Province, phosphates, nickel, uranium, bauxite and the oil shales in Zaire. The industrial development programme of the subregional should be based on the efficient development of these potentials.

3.5 Organization of complementarities with East African countries

61. Another important project for the subregion is the development of the Kagera River Basin by OBK. The Kagera river basin extends along Rwanda, Burundi, Uganda and Tanzania covering an area of 58,000 sq kilometres (of which 19,900 sq.kms are in Rwanda, 13,300 sq. Kms. are in Uganda and 20,800 sq. kms. are in Tanzania) with a population of about seven million.

62. The potential for the development of the river basin lies in the agricultural, transport and energy sectors. Agricultural development along the river basin should be based on effective planning aimed at improving farming methods and productivity while at the same time slowing down the pace of over-grazing and over-cultivation.

63. Transport is a crucial element in the development of this basin which does not have an outlet to the sea or a railway line to evacuate its huge deposits of nickel and iron. The exorbitant cost of transport cost between the Kagera basin and the Indian Ocean ports of Mombasa and Dar-as-Salaam is a real handicap for the export of agricultural products.

64. In the same way as the CEPGL member States did, the member States of the OBK community have adopted the replacement of their thermal power stations with high and medium output hydro-electric power station at all possible locations.

65. In the 1970s, UNDP assisted in the preparation of an action plan for the maximum development of the water and soil resources of the Kagera Basin.

66. The action programme of the OBK member States requires more than$US 63 million for the preinvestment studies and a capital investment of more than $US 3 billion. The preinvestment studies should take seven years and the project should be completed by 1998.

67. The action programme for the development of the Kagera basin was submitted to a donors conference in 1982. The donors were receptive to certain projects but progress in implementation has been slow. A thorough assessment of the progress of the OBK action programme will be equally useful for the development of a CEPGL subregional cooperation model.

3.6 Conclusions and recommendations

68. It is possible to strengthen complementarities among the CEPGL member States because despite their identical production and consumption structures and an apparently satisfactory balance between agro-food products and needs, there are geographical areas producing surpluses of each product right next to deficit areas, seasons of plenty alternating with seasons of want and a lack of foods that could be locally produced. In the short-term, subregional integration can contribute to the strengthening of food security through the development of trade in agro-food products and agricultural inputs and through the pursuit of concerted food strategies.

69. As CEPGL member States also have complementarities with several countries in the subregion of Central Africa Zaire has such complementarities with Congo and the Central African Republic while Burundi and Rwanda have complementarities with the East African countries of Tanzania, Kenya and Uganda, cooperation will play a key role in the strengthening of regional integration from which all the countries have much to gain. In view of their high altitude climate and the fact that they are landlocked, CEPGL member States are generally and chronically short of some basic commodities such as vegetable fat, and oils, cooking salt and a wide range of agricultural products and manufactured food stuffs.

70. For this reason, it is recommended that other countries from other subregions such as Tanzania, Congo and Kenya should be included in the subregional cooperation model failing which a model comprising exclusively of the three CEPGL member States will have very limited scope both in the short and long terms.

71. From the foregoing review of the complementarities among the CEPGL member countries, it can be seen that these complementarities could be better organized and planned through:

(a) Harmonization of national development plan so that they reflect community priorities. At present, the development plans of the three countries are geared to national concerns;

(b) Strengthening of the cooperation and integration processes with the countries of other subregions, particularly Eastern and Central Africa given the fact that, for certain products, (see table in annex) the comparative advantages of the CEPGL member States in some countries of its subregion are greater than within the CEPGL. Cases in point are: tea, textiles and fish from Burundi to Kenya and in Uganda;

(c) Harmonization of development activities of OBK and CEPGL;

(d) The gradual removal of major constraints towards subregional integration. In addition to the transport, institutional and administrative constraints already mentioned, CEPGL member countries depend over much on certain primary products. Furthermore, the national markets are too small in Burundi and Rwanda and there is the question of population explosion;

(e) Coping with the subregion's constant social and political upheavals and civil wars which are currently the greatest obstacle to solving the problem of subregional integration;

(f) The strengthening of specialized bodies such as the CEPGL Energy Organization, the Development Bank of the Great Lakes countries, the Institute of Agronomic Research and Animal Husbandry, the Regional Institute for Research on Tropical and Communicable Diseases and the Polytechnic of the Great Lakes, Société internationale pour l'Eregie des grands lacs (SINELAC) and community enterprises such as the glass and bottle factory of Burundi, the cement factory at Mashyuza, Rwandex Chilluigton and the Cement Factory at Katana; and

(g) The adoption of effective population policies.

ANNEX

CEPGL

Table A1 : Principal resources : Agriculture and forest

	Land area	Total	Economically active	Total agric.	Population actively	Population engaged in	Arable land as a %	Irrigable land per	Forest area as a	Total population
Burundi	28	5472.0	2842	4991	2594	91.2	52	74	3	3.6
Rwanda	26	7237.0	3524	6604	3216	91.3	47	4	23	5.5
Zaire	2345	35568.0	13206	23387	8683	65.8	3	9	52	2.9

Table A2 : Animal resources

1000	Cattle 1990	Sheep 1990	Goat 1990	Pigs 1990
Burundi	450	1855	5700	88
Rwanda	630	73	1119	100
Zaire	1500	913	3060	810

Source: FAO Yearbook 1990

Table A3 : Food requirements & availability in Burundi in 1987
(per head & per day)

	Available food	Requirements	Coverage
Calories	2 264	2 295	99
Proteins	67	47,1	142
Lipids	18	59.7	30

Source : Ministry of Agriculture and livestock of Burundi.

Table A4 : Food production and availability in Rwanda 1986.

		Distribution		
Crops	Production (tons)	Calories (%)	Proteins (%)	Fats (%)
Banana	26 5699	20.0	6.9	7.4
Beans	270 972	18.7	48.2	21.9
Peas	20 148	1.4	3.7	1.2
Groundnuts	17 213	1.0	1.8	23.3
Soybeans	5 697	0.4	1.6	4.9
Sorghum	193 197	13.3	12.5	4.9
Maize	89 590	6.5	6.0	20.3
Yard grass	599	0.0	0.0	0.0
Wheat	5 504	0.3	0.4	0.4
Rice	8 440	0.3	0.3	0.1
Sweet potatoes	892 890	92.0	11.6	9.5
Potato	268 668	3.5	2.9	1.1
Cassava	469 562	10.9	2.2	4.1
Cush-cush	41 396	0.7	0.5	0.1
Yams	6 530	0.1	0.0	0.0
Total	4 556 105	100.0	100.0	100.0
		2 167.0	54.0 g	8.0 g
Coverage in (%)		103.0	92.0	20.0

Source : Ministry of Agriculture, Rwanda.

Table A5 : Estimated requirements of principal foodstuffs in Zaire, 1987

Crops	Production (tons)	Coverage (%)
- cassava tubers	16 400	185.3
- Starch: (bananas, potatoes, sweet potatoes) and yams	5 020	431.6
- Cereals: (paddy rice and maize, grain, wheat, etc.)	1 047	0.4
- Vegetable and palm oil	396	84.1

Source : Ministry of Economic Planning, Zaire's agricultural situation, January 1987.

Table A6 : Structures and direction of Burundi's foreign trade

	198[illegible]	1988	1990	1991
Trade balance (millions of Burundi francs)	-9474.7	-20307.9	-38583,8	-34789,1
- Imports	22754.3	39441.2	53846,0	51393,5
- Exports	13279.6	19133.3	15265.2	16604.4
Import structures	100.0	100.0	100.0	100.0
- Production inputs	40.9	37.1	38.3	38.1
- Capital goods	30.7	33.9	34.2	35.7
- Consumer goods	28.4	29.0	27.5	26.2
Structure of Exports	100.0	100.0	100.0	100.0
- Coffee	84.0	82.8	71.9	79.3
- Cotton	0.8	0.6	0.2	0.1
- Tea	6.9	4.5	11.4	9.7
- Hides and skins	3.1	1.7	5.2	2.6
- Other primary products	0.5	4.5	5.5	4.4
- Manufactures	4.7	5.8	5.7	3.8
Direction of trade	100.0	100.0	100.0	100.0
- Europe	58.8	57.1	59.9	52.9
of which : EEC	51.7	50.8	55.2	48.3
- Asia	27.1	25.9	21.1	21.9
- Africa	10.7	10.1	11.4	14.3
of which : Rwanda	0.2	0.3	0.4	0.6
Zaire	0.9	1.2	1.4	1.0
- Americas	2.0	4.1	3.9	6.9
of which : USA	1.8	3.8	3.6	6.4
- Rest of the world	1.4	2.8	4.4	4.0

<u>Source</u> : Burundi annual report, 1991.

Table A7 : Structure and direction of Rwanda's external trade

	1985	1988	1990	1991
Trade balance (millions of Rwanda Francs)	-9,812	-12,285	-14,429	-16,471
-Imports	20,151	21,296	22,973	38,475
-Exports	10,339	9,011	8,478	12,004
Import structure	100.0	100.0	100.0	100.0
- Production inputs	33.3	26.7	28.4	25.9
- Consumer goods	29.7	26.9	20.9	19.4
- Supply of goods	15.6	32.2	34.7	44.0
- Petroleum products	21.4	14.2	16.0	10.7
Export structure	100.0	100.0	100.0	100.0
- Coffee	69.7	75.5	64.1	59.7
- Cotton	14.4	14.3	21.3	24.5
- Tea	3.6	4.4	3.0	2.7
- Hides and skins	2.5	1.9	3.3	3.5
- Other basic commodities	9.7	3.7	7.0	7.9
- Manufactures	0.1	.02	1.3	1.7
Trade direction	100.0	100.0	100.0	100.0
- Europe	84.4	80.9	75.5	71.8
of which: EEC	70.0	75.4	64.9	70.5
- Africa	2.5	2.7	2.4	3.5
of which: Burundi		0.5	0.3	0.4
Zaire		0.6	0.4	0.5
- Asia	5.9	6.4	10.1	11.4
- Americas	7.2	7.9	5.6	6.9
- Rest of the world	0.0	2.1	6.4	7.4

Source : Reports of the Central Bank of Rwanda.

Table A8 : Distribution of intra-CEPGL trade with the world (millions US $)

	Exports						Imports					
	1985			1988			1985			1988		
	Monde	CEPGL	%	Monde	CEPGL	%	Monde	CEPGL	%	Monde	CEPGL	%
Burundi	111.9	3.1	2.8	132.4	5.4	4.1	188.1	2.2	1.2	205.7	2.0	1.0
Rwanda	140.3	0.6	0.4	117.9	0.8	0.7	323.3	0.8	0.3	369.9	7.1	1.9
Zaire	2030.3	2.1	0.1	2112.2	4.4	0.2	1211.3	1.4	0.2	1338.4	4.9	0.4
Total	2282.5	5.8	0.3	2362.5	10.6	0.5	1722.7	4.4	0.3	1914.0	4.0	0.7

Source : Annual reports of the central banks of Burundi, Rwanda and Zaire.

Tableau A9: Intra-CEPGL trade matrix in 1988
(Exports in thousands of US dollars)

	Burundi	Rwanda	Zaire	Total	%
Burundi		100	1900	2000	14.3
Rwanda	3678		2400	6078	43.3
Zaire	4112	1830		5942	42.4
Total	7790	1930	4300	14020	
Percentage	55.6	13.8	30.6		100

Source : UNECA, Foreign Trade - African Trade Statistics, No. 34, UN 1991.

Table A10 : Structure and direction of Zare's foreign trade

	1985	1988	1990	1991
Trade balance (millions of US dollar)	819.0	773.8	687.8	910.4
- Imports	2030.3	2112.2	2279.1	2541.7
- Exports	1211.3	1338.4	1591.3	1631.3
Import structure	100.0	100.0	100.0	100.0
- Consumer goods	7.1	15.0	12.8	13.8
- Energy	25.7	8.0	8.2	9.1
- Commodities and by-products	14.1	22.5	15.0	16.1
- Capital goods	11.3	11.4	11.5	10.1
- GECAMINES & miscellaneous	41.8	43.1	52.5	50.9
Export structure	100.0	100.0	100.0	100.0
- GECAMINES (copper)	50.6	49.4	46.3	45.9
- SODOMIZA (copper)	1.5	1.7	1.8	1.7
- Gold	3.9	4.1	4.0	3.9
- Diamond	10.5	10.9	12.1	13.4
- Coffee	11.0	12.1	14.5	15.1
- Rubber	0.5	0.3	0.8	0.7
- Petroleum	16.5	17.4	16.1	15.9
- Others	5.5	4.1	4.4	3.4
Trade direction	100.0	100.0	100.0	100.0
- Europe	63.8	60.0	61.0	62.0
of which : EEC	10.7	11.9	16.9	10.1
- Africa	4.6	2.8	3.1	3.9
of which : Burundi	5.8	5.9	5.4	6.9
Zaire	10.3	11.3	9.8	8.4
- Asia	0.9	0.4	0.7	0.8
- Americas	0.4	0.3	0.3	0.4
- Rest of the world	4.8	8.1	3.8	9.7

Sources : Reports by Bank of Zaire.

Table A11 : Comparative structure of imports and exports of CEPGL member Countries in 1987

	Burundi	Rwanda	Zaire
a) Import structures			
- Consumer goods (of which) food items	37.2 (6.7)	31.4 (14.3)	27.6 -
- Production inputs (of which) Petroleum products	26.7 (13.6)	24.2 (12.7)	34.1 (15.6)
- Capital goods	36.1	38.5	19.2
- Foods stuffs	-	5.9	19.1
Total	100.0	100.0	100.0
Imports in millions of US dollars FOB	190.0	266.0	1717.0
b) Structures of exports			
- Agricultural commodities (of which) Coffee	84.8 (68.6)	98.9 (79.8)	23.5 (21.9)
- Mining products	-	1.0	68.3
- Manufactures	15.2	0.1	8.2
Total	100.0	100.0	100.0
Exports FOB in million US dollars	94.0	121.0	1825.0
c) Principal export products			
- Agricultural products	Coffee, tea, cotton, live fish	Coffee, tea, pyredhrum, Cinchona, vegetables	Coffee, tea, cocoa, rubber, timber, citrus ..... veneer
- Mining products	-	tin-stone tin	Palm products skins ..
- Manufactures	Glass bottles, beer, foam mattresses, cotton materials, asbestos, cement, metal works	Soap, textiles, metalworks, paint etc.	Copper, cobalt, zinc, diamonds, crude petroleuml Cement, cinchona, papain, glycerine, fuel oil
d) Terms of trade	69.3	74.0	54.3

Source : Central Bank reports Burundi, Rwanda and Zaire.

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