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INTER-AFRICAN TRADE

by

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INTER-AFRICAN TRADE

It is a very general and well-known characteristic of world trade that trade between developed countries represents the major part of the total trade of these countries, whereas the trade of the under-developed countries with each other only amounts to a small proportion of Third World trade[1]. This is a general rule, whether we consider the whole of the Third World, Africa or a region of the continent. But the rule which also holds for most of the African countries considered separately no longer holds for some of them. Thus there are exceptions, African countries for which trade with their neighbours is essential. Moreover, the intensity of inter-African relations varies greatly from one region of Africa to another. It is useful to detect the zones of more intense trade and to try to understand the reasons and the mechanisms of this intra-zonal specialization, in order to perceive its scope and prospects. Only after we have somewhat clarified our ideas on these points can we try to contribute to the debate on the policies advocated for the development of inter-African trade.

I. THE NETWORK OF INTER-AFRICAN TRADE

The exports of the whole of the continent - excepting South Africa - rose from 5.2 billion dollars in 1960 to 7.7 in 1965, thus marking an annual growth rate of 8.2%, which is higher than that of world trade as a whole (7.8%) and of the whole of Third World exports (5.9%). But the imports of the continent, still excepting South Africa, which rose from 6.4 to 7.6 billion between the same dates, increased much more slowly (3.4% of a year), the rate of growth of imports of the whole Third World having been 4.3%[2]. Thus Africa's trade balance has been

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1. See GATT annual reports on world trade, the last to appear: 1966

2. Survey of economic conditions in Africa 1960-64 - vol. II pp. 351 et seg. - UN - ECA/May 1967 (E/CN.14/397). All these figures are really lower than the real trade figures, since they only cover "recorded" operations (see later).

considerably improved during the last few years. We should point out that these overall figures do not exclude - on the contrary - very great differences of behaviour between the different countries of the continent. During the same period the exports of South Africa rose from 1.2 to 1.5 billion dollars, and its imports from 1.6 to 2.6 billion.

The share of manufactured products in total African exports[3] has remained unchanged and very low, around a total of 7%. The increase in the share of petroleum - from 4 to 19% of total exports - the stability of the share of foodstuffs - 34% - and the decrease in that of raw materials and mineral products - from 42 to 33% - reflect the very different rates of growth of world demand and of world and African supply of primary commodities which have ultimately determined the divergent evolution of the various countries.

On the other hand, imports are mainly made up of manufactured goods: about 60%, destined either for capital equipment, the proportion varying from 20% (Morocco, Algeria, Senegal) to about 30% (Tunisia, UAR, Sudan, Nigeria, Tanzania) and sometimes 35% (Ivory Coast, Central African Customs Union, (UDEAC) Kenya, ex-British Central Africa) or, for the rest for consumption (textiles, miscellaneous goods). However, the proportion of foodstuffs is almost never low; it amounts to 27% for the UAR and Morocco and 37% for Senegal; it is likely to grow with urbanization, which is everywhere much more rapid than the progress of food agriculture, and rose from 18% in 1960 to 21% in 1965. The rest represents imports of raw materials, semi-finished products and energy, the relatively small consumption of which reflects the backwardness of industry.

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3. Unless otherwise indicated, "African" here relates to the whole of the continent excluding South Africa (the trade structure of which is that of a developed country).

It is obvious that, by its very composition, this trade can only be carried on with developed countries. The result is that the proportion of exports of African countries to other African countries only represents 6% of the total (from 1960 to 1965 this proportion remained stable) while that of imports rose from 4% in 1960 to 1965, according to UN estimates[4]. Actually these percentages are under-estimated and the share of African imports was probably a minimum of 8% in 1962, according to our estimates. In fact the major part of this trade is between neighbouring countries: within the Maghreb group, between Egypt and the Sudan, among the three countries of ex-British East Africa, within West Africa and the Central African Customs Union, (UDEAC) and between South Africa, the Portuguese colonies, the ex-Central African Federation and the Congo. And the major part of the intense trade flows within West Africa is not covered by the official statistics; the same applied to other regional flows, less extensive it is true (within the Central African Customs Union, among the three States that emerged from the break-up of the Central African Federation, etc.).

The largest proportion of inter-African trade - probably more than 60% - consists of foodstuffs. The trade in manufactured goods, except for those from South Africa, almost solely comprise a few light industry products such as cotton cloth, soap, beer, tobacco, matches, hardware and plastics. The trade in products for the intermediate consumption of enterprises, which is the essential aspect of international specialization in the industrial world, is negligible here, except for exports of crude petroleum to countries where refineries have recently been built.

The matrix of inter-African trade

Owing to the delay in the publication of the statistics of certain States, we cannot compile the matrix of trade for the

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4. Doc quoted.

very latest years. Table 1 shows the results of our estimates for 1962. The structure thus described has not essentially changed since then. It covers trade in products originating in the countries, excluding of course the transit, whether organized or not, of foreign goods. Most of the figures in this table are taken from official state statistics, published by E.A.C.[5] But we have supplemented and corrected them, as some of these figures are meaningless. The table brings out some interesting characteristics:

1. Trade between the three countries of the Maghreb represents in itself 36% of the Maghreb imports from Africa. The imports of the franc zone (Maghreb, ex FWA - Togo, UDEAC, Madagascar, Reunion, French Somalia) are 85%. The exports of the Maghreb to the States of the Maghreb group and the franc zone represent 39% and 81% respectively.

2. The African trade of Egypt and Sudan mainly consists of trade between the two countries, Egyptian imports from Sudan representing 62% of the African imports of the UAR and the counterpart figure for the Sudan being 70%. For exports, the two percentages are 67% and 88% respectively.

3. The figures supplied by the ECA statistics for the countries of ex FWA and Togo have practically no value. Relying on figures communicated by the States, these statistics show a volume of trade within the group of 6.2 million dollars in 1962. Yet studies have been made in this field, for instance by the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) which would estimate this trade flow at a minium of 20 billion CFA francs, or 81.5 million dollars. Similarly, the imports of the English-speaking countries of the region (Nigeria, Ghana, Liberia, Sierra Leone, Gambia) from the nine French-speaking States are officially evaluated at 11.5 million dollars whereas they probably

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5. Statistical Bulletin for Africa, last issue to appear: Nov., 1955 vol. 1. p. 200, ECA/UN.

TABLE I. MATRIX OF INTER-AFRICAN TRADE (1962 - millions of dollars)

From \ To	Maghreb	Libya	UAR	Sudan	Ex-FWA, Togo	Ghana, Nigeria Sierra Leone Liberia	U.D.E.A.C.	Congo; Rwanda Burundi	Somalia	Ethiopia	Kenya, Uganda Tanzania	Rhodesia, Zambia, Malawi	Madagascar	Angola Mozambique	South Africa	Other countries	TOTAL
Maghreb.....	23.8	0.1	1.4	0.1	20.7	4.3	6.5	1.3	-	-	0.2	1.3	5.4	0.6	0.3	0.8	66.8
Libya	2.8	-	1.8	0.1	-	-	-	-	-	-	-	-	-	-	-	-	4.7
UAR	0.7	0.2	-	9.5	0.7	0.3	-	0.4	-	1.6	0.1	0.7	-	-	1.1	-	15.3
Sudan	-	-	15.9	-		-	0.3	0.8	-	1.0	4.9	-	-	-	-	-	15.3
Ex-FWA., Togo.....	14.9	-	0.3	-	87.5	6.8	0.3	0.1	-	-	-	0.1	0.1	0.7	1.1	-	105.9
Ghana, Nigeria Sierra Leone, Liberia	4.2	-	1.9	-	42.5	2.3	10.0	0.1	-	-	-	0.9	-	-	0.1	-	62.0
UDEAC.....	6.7	-	0.1	0.1	6.0	1.7	19.6	1.0	-	-	-	0.6	-	0.4	0.7	-	36.9
Congo, Rwanda, Burundi	-	-	-	0.1	-	0.2	1.0	-	-	-	6.5	5.7	-	3.7	3.6	-	20.8
Somalia.....	-	-	1.[illegible]	-	-	-	-	-	-	1.2	2.0	0.1	0.1	-	-	-	4.8
Ethiopia.....	-	-	0.7	0.7	-	-	-	-	-	-	0.4	-	-	-	-	0.2	2.0
Kenya, Uganda, Tanzania	-	-	0.1	-	-	-	-	1.7	0.1	0.2	9.5	-	0.4	0.3	11.5	-	23.8
Rhodesia, Zambia Malawi	0.8	-	-	-	-	0.1	-	3.3	-	-	-	n.c.	-	5.1	19.1	0.5	128.9
Madgascar.....	2.8	-	-	-	-	-	-	-	-	-	0.4	-	-	-	0.5	1.0	4.7
Angola, Mozambique..	0.1	-	-	-	-	-	0.1	0.8	-	-	0.2	4.8	-	5.6	18.9	-	30.5
South Africa.....	3.2	-	-	-	3.0	0.7	1.3	31.6	-	-	11.4	40.2	-	5.0	-	-	96.4
Other countries.....	1.4	-	-	0.2	0.4	-	0.2	-	-	0.1	1.7	0.1	5.9	0.3	7.7	-	18.0
TOTAL	61.4	0.3	23.6	10.8	154.8	16.4	39.3	41.1	0.1	4.1	37.3	54.5	11.9	21.7	164.6	2.5	644.1

amount to 42.5 million (10.4 billion CFA). If we take account of these corrections, we see that the exports of the group to the nine States represent 53% of the African exports of the group; those to the English-speaking countries of the region 27%, and those to the other groups of the franc zone (Maghreb, UDEAC, Reunion) about 18%. But for the African imports of the group, the percentages represented by the group itself, the English-speaking West African countries and the result of the franc zone are respectively 77%, only 6% and 14%. Thus trade between the French-speaking group and the English-speaking group of West Africa is entirely unbalanced.

4. The African exports of the English-speaking countries of West Africa are more dispersed : only 14% go to the States of the group, 42% to the countries of ex FWA-Togo, 26% to the Maghreb, 10% to the UDEAC. The African imports of the group have the same characteristics : only 4% from the group, 69% from ex FWA and Togo, 16% from the UDEAC and 7% from the Maghreb.

5. The group of three East African States (Kenya, Uganda and Tanzania) whose internal trade had been omitted from the matrix of inter-African trade compiled by ECA, imports 48% of its African imports from South Africa, and 40% from the countries of the group; it exports 30% of its African exports to South Africa, 25% to the countries of the group and 37% to its geographical neighbours (Sudan, Congo, Somalia, Ethiopia).

6. A zone of relatively intense trade groups, around South Africa : Angola, Mozambique, Congo (Kinshasa), Zambia, Malawi and Rhodesia. Although we have no estimates of trade between the last three countries, the total internal trade of the group represents 90% of the inter-African trade of the zone. South African products account for 92% of the African imports of Central Africa, 62% of those of the Portuguese colonies, and 17% of those of the Congo. South Africa imports 42% of its African imports from Central Africa, 33% from the Congo and 5% from the Portuguese colonies.

7. The inter-African trade of other countries shows the same general characteristics of concentration. Almost all Ethiopia's African trade is with the UAR, Sudan, Somalia and Kenya; Libya's with the Maghreb and the UAR; Somalia imports all its African products from the UAR, Ethiopia and East Africa; Madagascar exports half its African exports to Reunion, but imports mainly from the Maghreb.

8. The relative importance of inter-African trade varies greatly from one region to another (see table IV).At the top comes Central Africa, because of its extensive trade with South Africa, which is largely explained by the fact that in its relations with its neighbours South Africa plays the role of an advanced industrial country. Ex-French West Africa and the UDEAC are also the seat of relatively extensive inter-African trade (around 15% of the total trade of these countries). The reason why this trade is much less extensive for the group of English-speaking countries of West Africa (5%) is because the complementarities between savanna and forest which give rise to inter-state trade in the two French-speaking groups are repeated in the internal flows of Nigeria.

9. The incomplete data available for the last few years show that these patterns have not changed much since, except as regards the trade of certain countries with South Africa, Rhodesia and the Portuguese colonies. But the latter countries have maintained and even strengthened their relations, with each other, which represent the essential part of their African trade, particularly the trade between Rhodesia and South Africa. As to the other countries whose trade with the group was negligible, except for Zambia, Congo, Kenya, Zanzibar, Ivory Coast and Morocco, they have sometimes reduced this trade; but sometimes it is simply that the statistics have become discreet on this point, the countries in question having been classified with others.

West African regional trade.

Since in this field the figures produced by the ECA statistics are of absolutely no value[6], we shall refer to the studies made by the B.C.E.A.O.[7] and to our own estimates. Our basic assumption is that, in view of the weak internal frontier control of the countries of ex FWA, the monetary union which groups seven of these nine countries, the nature of the "traditional" trading circuits and lastly the weakness of the organized transit, the imports must be reconstituted on the basis of true estimates of consumption. This is assumed to follow the laws of decreasing elasticity, the total amount of consumption for the nine countries being known and the main explicative variable being, for the urban zones, the African and European population figures, and for the rural zones, the per capita money income, which measures the "degree of commercialization" of agriculture. The results of these adjustments are compared with the various data available, including those of the national accounts which are relatively advanced in these countries. They reveal : 1) the very great importance of regional trade in local products; 2) the importance of "unorganized transit" flows of foreign products and 3) the importance of "contraband" trade with the English-speaking countries of the region.

As regards the trade in local products, the results of our estimates for 1959 are shown below (in billions of current CFA francs). These flows are of extreme importance : they represent 26% of the exports of the nine countries and 13% of their imports. For the countries of the hinterland - Mali, Upper Volta, Niger - these percentages were 70% and 18% respectively. The share of West Africa in the total of the French-speaking and English-

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6. In the document "Survey of the economic situation of Africa" vol. I, U.N. 1977, p. 94. Mali's exports to Ivory Coast are given as 16,000 dollars.

7. B.C.E.A.O. Monthly bulletins, Nos. 76 to 88, Nov. 1961 to Nov. 1962.

	Imports c.i.f.		Exports f.o.b.		Profits from transit	Balance
	West Africa (8)	rest of the world	West Africa (8)	rest of the world		
Senegal	5.2	39.4	4.7	21.7	1.0	- 17.2
Mali	2.6	8.9	5.7	2.6	0.5	- 2.7
Mauritania	1.2	3.3	2.8	0.2	-	- 1.3
Ivory Coast	5.1	32.7	2.9	33.4	0.6	- 0.9
Upper Volta	1.3	5.2	2.5	0.4	0.4	- 3.3
Dahomey	0.7	6.7	1.1	2.7	0.5	- 3.1
Niger	0.7	6.6	5.0	2.5	-	+ 0.2
Guinea	0.4	9.8	1.4	6.5	-	- 2.3
Togo	0.3	5.3	0.0	3.4	-	- 2.1
T O T A L S	17.4	118.0	26.0	73.4	3.0	- 23.0

speaking countries of the region is 7.4% of the total imports of these countries.[9]

Table II shows our results as regards the matrix of West African trade; and table III shows the volumes of the major products comprising this trade.

What then are the characteristics of this trade and their evolution since 1960?

1. The "uncontrolled" exports of livestock from Mauritania, Mali, Upper Volta and Niger, and those of dried and smoked fish from Mali and Dahomey, constitute essential resources for these countries. They have remained relatively stable, as to quantity and proportions of the trade of these countries, since 1960, except for Mauritania whose exports of iron ore have eclipsed the traditional resources. These exports go to the coastal countries, both French-speaking and English-speaking, and they explain the trade imbalance between the countries of the franc zone and those of the sterling area in West Africa. It is quite impossible to assess

8. i.e. ex-F.W.A. Togo, Gambia, Sierra Leone, Liberia, Ghana, Nigeria.

9. And not 3.5%, a mistaken conclusion derived from official figures, published in the survey of the economic situation in Africa, vol.I, U.N. 1966, p. 93.

the balance of payments of these countries if we neglect these flows.

2. There are flows covering millet, rice, cotton, fruit and vegetables, and cola, though less important. These flows have probably been affected during the last few years, especially as regards rice, by the weakened position of Mali.

3. Only two countries export manufactured goods to the others: Senegal and Ivory Coast. In both cases the range of these goods is almost exactly the same: flour, refined oil, beer and lemonade, yarn and cotton cloth, soap, tobacco and matches, miscellaneous goods (plastics etc.). Since 1960 the export position of Ivory Coast has been strengthened in these fields, but to the detriment of that of Senegal, the total amount not increasing much. The establishment of similar industries almost everywhere, as also in the case of cement works, aggravates competition and is liable to reduce these flows in future. Although they are modest in the absolute, they are important - sometimes vital - for certain local industries, as is shown by the very partial use of the capacities of certain industries of the Cap-Vert.

TABLE II. MATRIX OF TRADE IN WEST AFRICA (1959 - millions of CFA francs - values FOB ex exporting countries)

LOCAL PRODUCTS - EXCLUDING TRANSIT

From \ To	Senegal	Mali	Mauritania	Ivory Coast	Upper Volta	Dahomey	Niger	Guinea	Togo
Senegal.....	-	860	1,930	1,510	-	-	-	325	-
Mali.....	1,384	-	326	620	-	-	-	240	-
Mauritania.....	553	302	-	-	-	-	-	-	-
Ivory Coast.....	1,530	1,683	140	-	1,387	-	-	200	-
Upper Volta.....	224	393	-	369	-	-	180	-	-
Dahomey.....	273	-	-	80	-	-	283	-	-
Niger.....	124	-	-	175	-	106	-	-	-
Guinea.....	283	-	-	67	-	-	-	-	-
Togo.....	219	-	-	60	-	-	-	-	-
Other countries..... of West Africa.....	152	2,497	385	-	1,135	1,000	4,547	660	42
TOTAL	4,742	5,735	2,781	2,881	2,522	1,166	5,010	1,425	42

TABLE III. MAIN LOCAL PRODUCTS EXPORTED FROM THE COUNTRIES OF EX-FWA AND TOGO TO WEST AFRICA

PRODUCTS (1)	QUANTITIES									UNIT Price
	Senegal	Mali	Mauritania	Ivory Coast	Upper Volta	Dahomey	Niger	Guinea	Togo	
0. Millet.....	-	20.0	-	-	-	-	27.0	-	-	20,000
Paddy.....	-	5.0	-	-	-	-	-	-	-	8,000
Fruits & vegetables.....	1.0	2.5	-	2.5	-	-	-	5.5	-	18-150,000 (average 100,000
Hogs.....	-	-	-	50.0	-	-	-	-	-	9,000
Cola.....	-	-	-	21.8	-	1.0	-	-	-	65,000
Cattle (2)...	-	115.	75	-	100	-	180	30	-	10--18,500 F/capita
Sheep & goats (2)	-	35	1,130	-	200	-	520	50	20	1,330- 2,100 F/capita
Other animals (2)	-	6	13	-	-	-	-	-	-	3-13,000 F/capita
1. Rice.....	-	17.0	-	-	-	-	-	-	-	33,000
Flour.....	62.2	-	-	-	-	-	-	-	-	35,000
Fish, meat...	3.0	12.1	2.8	-	-	10.0	0.5	-	-	100-125,000
Refined oil..	2.5	-	-	-	-	-	-	-	-	90,000
Beer, lemonade	2.9	-	-	1.9	-	-	-	-	-	45,000
3. Cotton (fibres)	-	1.0	-	-	3.2	-	-	-	-	140,000
Sawnwood.....	-	-	-	17.5	-	1.5	-	-	-	26,000
Cement.....	40.0	-	-	-	-	-	-	-	-	8,000
Salt.....	40.5	-	1.8	-	-	-	-	-	-	7,200 (7)
5. Yarn.....	0.1	-	-	1.7	-	-	-	-	-	310,000
Cloth (3)....	4.0	-	-	-	-	-	-	-	-	61F/ metre
6. Soap.....	1.6	-	-	0.7	-	-	-	-	-	60,000
Tobacco (4)..	17	-	-	-	-	-	-	-	-	10 F/ packet
Matches (5)..	41	-	-	-	-	-	-	-	-	1.6F/ box
TOTAL....	474.2	573.5	278.1	285.1	252.2	110.6	501.0	142.5	42	

(1) Nomenclature of the economic accounts of Mali for 1959, quantities in thousands of tons unless otherwise indicated; (2) in thousands of head; (3) in millions of metres (4) in millions of packets; (5) in millions of boxes; (6) quantities and prices relating to 1959; (7) except the salt of Mauritanian Sahara (20 F a kil

TABLE IV. IMPORTANCE OF INTER-AFRICAN FLOWS (1962 - millions of dollars)

	Total imports	African imports	Imports internal of the groups	African exports	Balance of inter-African trade	% Afr. imports to total imports	% balance inter-Afr./total trade (1)
Maghreb.....	1,674	66.8	23.8	61.4	- 5.4	4.0	6
Libya.....	206	4.7	-	0.3	- 4.4	2.3	88
UAR.....	735	15.3	-	23.6	8.3	2.1	21
Sudan.....	261	22.9	-	10.8	-12.1	8.8	36
Ex-FWA - Togo.....	634	105.9	81.5	154.8	48.9	16.7	50
Ghana, Nigeria, Sierra-Leone, Liberia.....	1,172	62.0	2.3	16.4	- 45.6	5.3	62
U.D.E.A.C.....	282	36.9	19.6	39.3	2.4	13.1	7
Congo, Rwanda, Burundi	171	20.8	-	41.1	20.3	11.9	33
Somalia	38	4.8	-	-0.1	- 4.7	12.7	96
Ethiopia.....	104	2.0	-	4.1	2.1	2.0	35
Kenya, Uganda, Tanzania	401	23.8	9.5	37.3	13.5	5.7	32
Rhodesia, Zambia, Malawi	400	128.9	n.c.	54.5	-74.4	32.2	41
Madagascar.....	122	4.7	-	11.9	7.2	3.9	43
Angola-Mozambique...	272	30.5	5.6	21.7	- 8.8	11.3	21
South Africa	1,436	96.4	-	164.6	68.2	6.8	26
Other countries...	144	18.0	-	2.5	-15.5	12.5	76
TOTAL	8,052	644.4	142.3	644.4	341.8	8.0	34

(1) i.e. balance of trade/imports + exports (excluding trade internal to the groups).

The internal trade of the UDEAC.

It is also astonishing that the ECA documents disregard this trade, which has been the subject of serious study[10]. The matrix of direct trade of the U.D.E.A.C. in 1965 is shown below, in millions of current CFA francs.

From \ To	Cameroon	C.A.R.	Congo	Gabon	Chad	Total
Cameroon	-	124	124	485	224	957
C.A.R.	13	-	12	1	503	529
Congo	61	812	-	428	-	1,301
Gabon	152	-	164	-	-	316
Chad	382	767	200	87		1,440
TOTAL	608	1,707	500	1,001	727	4,543

Chad is the main exporter of the group, mainly livestock and meat, of which the quantities for 1961 and 1962 are estimated as follows[11].

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10. UDEAC bulletin of general statistics; the foreign trade of the Equatorial Customs Union 1960-64 (Conference of Heads of State of Equatorial Africa); national accounts of the different countries of the Union; reports of the B.C.E.A.E.C., monthly bulletins of the B.C.E.A.E.C. etc.

11. Chad, economy and development plan. Min. of Cooperation, Paris 1963, pp. 65 and 66.

Destinations	Cattle (thousands)	Sheep and goats (of head)	Meat (ton)	Value[12] (millions of CFA francs
U.D.E.A.C. :				
Cameroon.....	12	10	600	225
C.A.R.	60	30	140	960
Congo	-	-	2,300	230
Gabon	-	-	300	30
Other countries :				
Nigeria	165	65	-	2,600
Sudan	4	10	-	75
Congo-Kinshasa ...	-	-	300	30
Niger	5	-	-	75
Miscellaneous	-	-	500	50
TOTALS	246	115	4,140	4,305

12. At the rate of 15,000 francs a head for cattle, 1,500 francs for sheep and goats and 100 francs a kilo of meat.

Just as for the countries of the interior of West Africa, the equilibrium of the balance of payments of Chad cannot be understood if these exports are excluded.

The second exporter of the group is the Congo, which sells to its neighbours : 40,000 hl of beer (340 millions), 580 tons of tobacco (880 millions), 15,000 tons of sugar (1,370 millions) mainly consumed by the Arabized nomads of Chad, and 2000 tons of soap (160 millions)[13], which comes to a total of 2.7 billion, much higher than that of the UDEAC statistics.

Cameroon exports to the UDEAC various manufactured goods in the "classical" range : beer, tobacco, soap, cotton cloth and hosiery, cycles and articles in aluminium, the value of which was

13. Monthly bulletin of statistics of Congo, Dec. 1966 p.8.

695 millions in 1964, as against 182 millions for imports[14].

The other regional flows in Africa

The trade of the Maghreb group with each other covers a relatively varied range of products, including various agricultural and manufactured products. Since the latter are marginal, even in relation to the internal market of the three countries, and meet with strong competition from similar foreign products, they undergo great fluctuations and are subject to the hazards of politics[15].

The African trade of the UAR, in particular with Sudan, is characteristic of trade between a more industrialized and a less industrialized country : the UAR exports mainly manufactured goods (particularly cotton cloth) and imports raw agricultural products[16].

The same applies to the internal trade of the East African group, between Kenya on the one hand, the most highly industrialized, which exports manufactured goods, and the other two countries on the other hand, whose supplies of agricultural produce do not suffice to balance the trade, as is shown in the matrix of regional trade (in millions of current pounds sterling)[17].

Trade between South Africa and Rhodesia on the one hand, and Zambia, Malawi, Congo, Angola and Mozambique on the other hand, constitutes the most intense regional network in Africa, and very

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14. Reports of B.C.E.A.E.C., 1964-65, p. 57.

15. See the customs statistics of the three countries for the last few years.

16. Quarterly bulletins of the National Bank of Egypt.

17. The East African Statistical Dept. Ec. and Stat. Review, June 1966, pp. 31 to 35.

characteristically bears the stamp of trade between developed countries and non-developed countries. This explains the predominant place occupied by internal trade within the industrialized group South Africa - Rhodesia (58% of the internal trade of the whole region). South Africa supplies the most varied range of manufactured goods, similar to those which the partners obtain in Europe, the United States and Japan.

From \ To		Kenya	Tanzania	Uganda	TOTAL
Kenya	1962...	-	10.0	7.3	17.3
	1965...	-	14.1	15.3	29.4
Tanzania	1962...	2.0	-	0.4	2.4
	1965...	4.6	-	1.3	5.9
Uganda	1962...	5.4	1.7	-	7.1
	1965...	7.1	2.6	-	9.7
TOTAL	1962...	7.4	11.7	7.7	26.8
	1965...	11.7	16.7	16.6	45.0

II. WHY AND HOW SHOULD INTER-AFRICAN TRADE BE DEVELOPED?

Why develop inter-African trade?

It is easy to show that an assumption of strong growth for any region of Africa (for example 7% a year) would necessarily imply a very strong growth of imports. But the demand of the developed countries for primary commodities from the Third World can only grow, overall, at the average rate of growth of the industrial economies. It is true that that is an average, and experience proves that, during certain periods, the demand for certain products may grow faster than the average, and for other less fast. Moreover the position of a given region of the Third World may improve or deteriorate in relation to that of the

competing regions[18]. But in the long period, and for a region as vast and varied as the continent is, the proposition holds true. It is then impossible to pay for the imports required by a strong growth, even assuming a great deal of foreign aid at the start, especially as the repayment of the foreign debt or the export of the profits of foreign capital soon become a very heavy burden on the balance of payments. There is no solution other than to substitute for the trade which is not possible with the industrial world, increased trade of a new type, based on the deliberate creation of industrial complementarities between developing countries.

The inadequate foreign demand is already a bottleneck for the development of a large number of African countries. The deterioration in the terms of trade, of which the index is 93 in 1965, base 100 in 1958[19], further aggravates the significance of this bottleneck.

In the matrix table below, we have ranked the African countries in nine groups according to the rates of growth of their exports and their imports between 1960 and 1965:

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18. See "Survey of economic conditions in Africa 1960-64", Vol. II. pp. 394 to 409.

19. ibidem. p.359.

Growth of exports (*)	Growth of imports: High	Growth of imports: Medium	Growth of imports: Low
High	1 Gabon Ivory Coast Togo Libya	2 C.A.R. Rhodesia Zambia	3 Congo-Brazza. Mauritania Chad Mauritius
Medium	4 Ethiopia Niger Somalia	5 **Nigeria** Angola Mozambique Uganda Kenya Guinea	6 Algeria
Low	7 Liberia Reunion UAR	8 Cameroon Tanzania UAR Tunisia Ghana Mali Sierra Leone	9 Morocco Madagascar Sudan Senegal Dahomey Congo-Kinshasa

(*) High : above 10%. Medium - 5 to 10%. Low : below 5%.

For the fifteen countries of groups 7, 8 and 9, the exports only increased at the rate of 2% per year - excluding Congo-Kinshasa whose exports slumped during the period - often partly because of unfavourable cyclical conditions for their main products (the case of cotton, olive oil, groundnuts, cocoa and sisal), also sometimes owing to the difficulty of increasing output further in the countries in question. Some of these countries have "accepted" this situation and have given up "pushing" their development (group 9). Others tried to do so (UAR, Tunisia, Ghana, Mali, Tanzania, Cameroon). Nearly all suffer from financial and

monetary imbalances, declared or latent[20]. Guinea and Algeria also belong to this group, but the exploitation of bauxite and petroleum alleviated their situation. The only exceptions are those of countries which received a great deal of foreign aid (Reunion, Liberia, Cameroon), without of course, this aid having necessarily been earmarked for the development of the productive potential.

Hence for all these countries the development of inter-African trade is a vital necessity.

For the other eighteen countries this necessity is obviously less urgent. A very high rate of growth was possible on the basis of a "colonial-style" development based on products for which the economic situation was good, or on large-scale mineral discoveries (petroleum, iron ore). The development of export production, often new or marginal on the market of these commodities, has often been detrimental to that of all the older competitors which have reached a ceiling. Sometimes (group 3) at the first stage, of this development, the exports did not have significant linkage effects, which limited the growth of imports. For the other countries, especially those in group 1, very rapidly growing imports were possible without difficulty. But the mere fact that for six of these eighteen countries the growth of imports is already higher than that of exports shows that there is a danger that in future a slowing down of their exports may in turn become in these countries an obstacle to the maintenance of relatively high rates of growth. Even for these countries, then, there is a need to envisage an immediate intensification of their trade with other countries in the same situation.

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20. The countries underlined in the table are those which either devalued their currency or imposed severe exchange control; they suffer from open or contained inflation.

The complementarities to be created or developed.

There already exist certain complementarities, which are at the root of the most stable trade flows. Those which are based on the diverse natural possibilities of agriculture and animal husbandry could be the subject of more systematic developments, as René Dumont[21], for example, has shown. The growing demand of the towns for cereals, meat and fish, vegetables and fruit, can be the basis of this type of intensification of trade with a view to freeing the continent, at least partially, from foreign imports which constitute an increasingly heavy handicap to its industrial development.

But the complementarities based on the exchange of the products of a few typical light industries against raw agricultural products (type of relations between coastal and hinterland countries, Egypt-Sudan, Kenya-East Africa, Rhodesia-Central Africa, etc.) which are indeed usually highly unbalanced in favour of the industrial poles, are bound to be reduced as the industrialization of the most backward countries' proceeds, as it always begins precisely with the same range of light industries.

These declining complementarities will therefore have to be replaced by new trade flows based on the creation of basic industries, properly distributed in relation to natural wealth.

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21. R. Dumont, etude sur les lignes principales du développement agricole africain. Tiers Monde 1965.

Certain excellent ECA[22] reports clearly show that the simultaneous installation of large industrial complexes (chemicals, and petro-chemicals, fertilizers, iron and steel, engineering) would accelerate the development of all the light industries on the continent, eliminating the bottleneck of the inadequate import capacity by creating regional inter-industry flows. The importance of heavy transport in the organization of this type of specialization obviously implies giving up the abstract ideal of pan-African unity to the advantage of organized regional units. There are other reasons which reinforce the rationality of the latter choice, such as the existence of customs and monetary unions, analagous socio-political and cultural structures, etc.

The instruments : common markets, payments unions, plan coordination

Putting forward the objective of "liberal" relations inside either a vast African common market or regional markets constitutes the most serious illusion in this field. The polarization of light industries - often controlled by foreign capital - in some countries, to the detriment of the poorest partners, will certainly meet with hostility from the latter. That is the reason why these common markets inherited from the colonial period, in West and East Africa, have broken up.

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22. Such as the "Report of the ECA mission of economic cooperation in Central Africa". ECA 1966, pp. 174 et seq. tabl. 89-94; and the report on "industrial coordination in East Africa, Lusaka conf., Oct. 1955, ECA 1965, pp.93 et seq. On the other hand the distressing report of the Niamey conference of Oct. 1966 ("Prospects for increasing the internal trade of West Africa", ECA Dec. 1966), by adopting the perspective of "quick projects" based on light import substitution, makes a break with the previous orientations of West African industrial conferences, and does not propose anything reasonable. In the Maghreb, the Tangiers conference of 1965 marks progress in the coordination of basic industries.

Having dissipated this illusion, we find a new one which seems to take its place : that an African payments union would upset the structure of inter-African trade. At the present time this trade is mainly carried on within the same monetary zones. Bilateral trade in the context of payments agreements represents scarcely 10% of recorded inter-African trade[23], 5% of total inter-African trade and practically only concerns the UAR. It is true that this trade is likely to develop if balance of payments difficulties worsen and if the monetary zones break up.

There is no doubt that a payments union would facilitate trade, by economizing means of payment and multilateralizing the operations. This bilateral trade is indeed extremely unbalanced : the average balance represents 34% of inter-African trade, excluding trade within the region groups (Maghreb, exFWA-Togo, UDEAC, ex-British East and Central Africa.[24] But it is still to be feared that, pressed by payments difficulties, the States may try to use the device of bilateral agreements or of a payments union to obtain "forced loans" from their partners.

The analogy between the role which an African Payments Union is not valid. The EPU helped to restore the flows which corresponded to effective structural complementarities, and which had been disturbed by the war. To induce flows of inter-industry complementarities, nothing can replace the simultaneous setting up of growth poles, envisaged in the context of concerted regional planning.

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23. "Proposals for the creation of an African payments union" ECA June 1964

24. Table IV.