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THE GENERAL STATE OF INTRA-AFRICAN TRADE, ITS OBSTACLES AND POTENTIAL

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I. INTRODUCTION

1. The African region, like any other region, has had and still has economic links with the rest of the world. These linkages manifest the progressive interconnexion of the world economy over the last two or more centuries which has brought into existence a set of processes which has affected, albeit in radically different ways, all peoples touched by this interdependent economic system in all parts of the world. The connexions are sometimes obvious and direct, sometimes obscure and highly indirect as are their implications for the national, regional and sectoral cohesiveness of the economies.

2. The interdependence of the world economy is an acknowledged fact and the desirability of an interdependent world economic system derives from the fact that no country is endowed with all natural resources. However, within the existing interdependent world economy, the utilization of the world resources is skewed towards benefiting only one section of the world community. This situation is a manifestation of inequality in world power structure directed at obtaining as much as possible from a given amount of resources. The African region has not been able to derive much benefit from the present situation of the interdependent world economy nor are there better prospects on the basis of existing relationships. The African region has long realized that the world economic system, while enriching other regions, has also impoverished African countries. African voices have been heard at various international fora but those voices have not yielded much when measured by what has so far been done to rectify the system.

3. Africa is the least developed region in the world and African economies are characterized by relatively strong trade ties with developed market economies and relatively weak trade links with each other and in some extreme cases there are no trade links at all. This situation can and must be changed by African countries. The purpose of this study is to show the share of Africa in world trade and describe the structure of African trade first, and secondly to analyse the state of intra-African trade, diagnose the obstacles to the promotion of intra-African trade and identify the potential for expanding intra-African trade.

II. THE SHARE OF AFRICA IN WORLD TRADE

4. Generally speaking the share of African trade in world trade is very small, ranging from 3.85 per cent to 4.7 per cent of world trade during the period 1970-1979. Table 1 gives the value of world trade and the share of Africa in that trade. Table 1 also shows that African exports as a percentage of world exports were relatively higher than African imports as a percentage of world imports during the period 1970-1979. In absolute terms, the value of world trade increased more than five times from a level of $574.1 billion in 1970 to $3 010.7 billion in 1979. African total trade increased from a level of $23.6 billion in 1970 to $126.4 billion in 1979, representing a more than five-fold increase over the period. It is interesting to note that the average annual growth of total world trade was 17.8 per cent for the period 1970-1979 while that of African total trade for the same period was 18.5 per cent; for developing Latin America the average annual growth was about 20.3 per cent during the same period.

5. These figures indicate that trade relationships between the African region and the rest of the world have not changed significantly from what they were in 1970. However, African imports as a percentage of world imports rose from 3.7 per cent in 1970 to 4.1 per cent in 1979 while the share of the African region in world exports remained at over 4 per cent during the period under review. From the figurs given in table 1 and the analysis thereof it cannot, however, be concluded that the implications of trade relationships on socio-economic development in 1979 were the same as in 1970. The implications of the terms of trade on socio-economic development are considerable importance since they have changed drastically from what they were in 1970. The increase in the percentage share of African imports may partly reflect the general price increase in world markets of the major African imports.

Table I. World trade and share of Africa in world trade

(in millions of United States dollars)

Year	Total world trade (Current values in millions of United States dollars)			African trade (Current values in millions of United States dollars)			African trade as a percentage of world trade		
	Imports	Exports	Total	Imports	Exports	Imports	Import	Exports	Total
1970	294 100	280 000	574 100	11 020	12 580	23 600	3.74	4.49	4.11
1971	328 300	314 100	642 400	12 640	13 000	25 640	3.85	4.13	3.99
1972	383 600	372 300	755 900	13 880	15 320	29 200	3.61	4.11	3.85
1973	528 600	517 900	1 048 500	18 170	21 590	39 760	3.43	4.16	3.79
1974	773 300	768 900	1 542 600	28 420	39 530	67 950	3.66	5.14	4.40
1975	801 000	788 000	1 589 000	37 960	35 170	73 130	3.73	4.45	4.60
1976	910 400	896 500	1 806 900	38 510	42 560	81 070	4.22	4.74	4.49
1977	1 045 000	1 018 400	2 063 400	48 100	49 020	97 120	4.61	4.79	4.71
1978	1 207 000	1 175 500	2 382 500	56 900	45 810	102 710	4.71	3.89	4.31
1979	1 522 900	1 474 800	3 010 700	60 620	65 820	126 440	4.0	4.42	4.20

Source: United Nations, Monthly Bulletin of Statistics, vol. XXXV, No.2, February 1981.

III. STRUCTURE OF AFRICAN TRADE

6. According to the Standard International Trade Classification and as shown in table 2, the African region has been a net exporter of the commodity items covered by the following categories:

SITC: (0+1) Food and live animals, beverages and tobacco

SITC: (2+4) Crude materials (excluding fuels) plus animal and vegetable oils and fats

SITC: 3 Mineral fuels and related materials

7. Of the three categories, it is clear from table 2 that the largest export surpluses were recorded in mineral fuels etc. and that the smallest surpluses were in food and live animals. However, out of ten classifications of total traded commodities, Africa had been a net exporter of only three categories mentioned above and a net importer of seven. It is even more striking to note that the categories of food and live animals; crude materials excluding fuels; and mineral fuels etc., in which the African region is a net exporter, are composed mainly of items that are regarded as raw or semi-processed materials. Data in table 2 clearly demonstrate that the African region is a net exporter of raw materials and a net importer of processed commodities.

8. With regard to the categories of beverages and tobacco; chemicals; basic manufactures; machinery and transport equipment; miscellaneous manufactured goods; and goods not classified by kind, Africa had been a net importer during the period under review. The largest import surpluses were registered in basic manufactures; machinery and transport equipment; chemicals; and miscellaneous manufactured goods, in that order. The smallest import surpluses were recorded in the category of beverages and tobacco. The excesses of imports over exports are, <u>ceteris paribus</u>, a measure of Africa's excess demand for the commodities in question, while export surpluses may not represent excess African supply over

African demand for the products in question. It may be mentioned in passing that a number of factors account for net exports being recorded. For example, the region may be a net exporter of a commodity because the producing countries prefer to export to developed market economies to earn convertible currencies or because the products are produced by subsidiaries of foreign companies whose main objective is to supply the parent companies with the raw materials. During the first half of the 1970s, the African region was a net exporter of products covered by the category of animal and vegetable oils and fat but during the latter half the region became a net importer.

9. Although the analysis of the structure of African trade is based on aggregated product categorization, it is nevertheless indicative of the fact that, by and large, most African countries are largely producers and exporters of raw and/or semi-processed materials while they mostly import manufactured goods. An attempt to analyse the structure of African trade on the basis of individual products is beyond the scope of this study as it requires an analysis of each individual product with a view to identifying the obstacles to promoting intra-African trade.

Table 2: Value of developing Africa's imports and exports by SITC section (f.o.b) for selected years
(in millions United States dollars)

	SITC	1970		1972		1974		1976		1977		1978	
		Import	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	Export
- Food, beverages, tobacco	(0+1)	1 580	3 070	1 928	3 186	4 892	5 165	5 248	6 088	6 459	8 137	7 423	7 839
- Crude materials (exchange fuels) oils, fats	(2+4)	510	2 440	632	2 880	1 545	5 879	1 453	4 879	1 983	4 994	2 098	4 829
- Animals and vegetable oils and fats	4			198	318	515	558	482	375	661	410	796	381
- Mineral fuels and related materials	3	700	4 070	667	6 294	2 778	23 260	3 125	26 865	3 625	30 794	3 850	27 464
- Chemicals	5	970	145	1 164	189	2 563	382	2 734	331	3 456	451	3 913	520
- Machinery	7	4 580	68	6 338	114	11 786	124	19 485	114	23 450	123	24 983	146
- Other manufactured goods	(6+8)	3 370	2 400	3 855	2 087	8 254	3 803	9 905	2 979	12 606	3 140	14 089	3 149
TOTAL 2/	(0-9)	11 890	12 210	14 813	14 796	32 118	38 705	42 634	41 356	52 497	47 762	57 507	44 057

Note: 1. Not including trade of Zimbabwe.

2. The total in this table does not agree with that in table 1 among mainly to frequent revision of the latter. The figures relating to imports (f.o.b) in particular are subject to revision and they are likely to be lower, if adjusted, than they appear to be here.

Sources: United Nations, Monthly Bulleting of Statistics June 1978, July 1980
United Nations, Statistical Yearbook 1978.

IV. THE STATE OF INTRA-AFRICAN TRADE

10. Table 3 shows intra-African trade as a percentage of total African trade for the period 1970-1979. The highest share was achieved in 1970 when it was 7.2 per cent and since that year a declining trend set in until a low level of 3.7 per cent was recorded in 1978. The latest estimates show that intra-African trade as a proportion of the region's total trade has not risen above 3.9 per cent (see table 3).

11. It will be noted that from 1970 to 1979 African imports originating in the African region as a percentage of total African imports registered a higher proportion than that of exports, except for 1978 when the share of African exports to the African region was higher than the percentage share of imports. In 1970 intra-African imports as a percentage of total African imports registered a high level of 8.1 per cent but fell to a low level of 3.5 per cent in 1978 and did not recover from that level significantly in 1979. Intra-African exports, on the other hand, remained above 4 per cent during the period under review except for 1979 when they fell to 3.6 per cent.

12. These figures suggest that the African propensity to import from the region has declined either because of inward looking import-substitution policies or preference for extra-regional imports or non-availability of the goods within the African region. Similarly, the decline in intra-African exports can be explained by the same factors including the desire to earn convertible currencies. All in all, the decline in intra-African trade as a percentage of total African trade was due to a decrease in both imports from and export to the African region although imports contributed a somewhat larger proportion, particularly during the latter half of the 1970s.

Table 3: Share of intra-African trade in total trade of developing African countries

	Total trade in millions of United States dollars			Intra-African Trade a/			Intra-African Trade as a percentage of total trade		
Year	Imports	Exports	Total	Imports	Exports	Total	Imports	Exports	Total
1970	11 020	2 580	23 600	895*	814	1 709	8.1	6.5	7.2
1971	12 640	13 000	25 700	773	703	1 476	6.1	5.4	5.7
1972	13 880	15 320	29 200	895	814	1 709	6.4	5.3	5.8
1973	18 170	21 590	39 760	1 165	1 059	2 224	6.4	4.9	5.6
1974	28 120	39 530	67 950	2 023	1 839	2 862	7.1	4.6	5.7
1975	37 960	35 170	73 130	2 138	1 944	4 082	5.6	5.5	5.6
1976	38 510	42 560	81 070	1 883	1 712	3 595	4.9	4.0	4.4
1977	48 100	49 020	97 120	2 251	2 046	4 297	4.7	4.2	4.4
1978	56 900	45 810	102 710	2 021	1 837	3 858	3.5	4.0	3.7
1979	60 620	65 820	126 440	2 601	2 365	4 968	4.3	3.6	3.9

a/ Excluding Zimbabwe

Sources: United Nations Monthly Bulletin of Statistics, July 1980. Yearbook of International Trade Statistics, 1978.

* Calculated by adding 10 per cent on the value of intra-African exports.

13. Although the tendency towards import substitution is said to have been partly responsible for the relative decline in intra-African trade, there are many indications that this was not a decisive factor in changing the upward trend which characterised trade before 1970 into a declining one up to 1978, if only because import substitution mainly affects manufactures and these feature prominently in Africa's trade with the developed countries. It is interesting to note however, that the clearly identified declining trend in intra-African trade actually corresponded with the period of accentuated monetary instability in the World, particularly from the beginning of the 1970s and the prolonged recession in Western countries from 1974 which decreased the expected demand for and prices of their major export products, resulting in a reduction in their over-all purchasing power. The declining trend was also closely linked with the long-term trend towards increasing imports of capital goods and industrially produced raw materials (synthetics, plastics, rolled metal products, etc.) and with imports of ingredients and components from industrial countries.

14. It should be observed that some of these imports contributed to a certain degree towards the modernization of both production and consumption patterns, but many African countries have failed to maintain a reasonable balance in this regard. Imports of foreign-produced raw materials, ingredients and components have gradually absorbed ever increasing portions of available foreign exchange, thus further reducing the means of paying for imports from neighbouring and other African countries. In addition, sharp rises in petroleum prices have also diminished the ability of non-oil-producing African countries to import not just from outside but also from within the African region. What can be said with a fair amount of certainty is that the low level of intra-African trade and the declining trend are manifestations of the existence of obstacles to intra-African trade.

V. OBSTACLES TO THE EXPANSION OF INTRA-AFRICAN TRADE

15. An analysis of the state of intra-African trade reveals that intra-African trade is not only at a very low level but is actually declining. There are numerous factors limiting the expansion of intra-African trade and unless these obstacles are identified and removed and the relevant institutions and infrastructure to facilitate such trade are introduced and actually implemented at both the regional and subregional levels, the level of intra-African trade not only may not rise but may actually continue to decrease.

16. One of the fundamental factors in the low-level of intra-African trade is the divergence between African production structures and demand patterns. Most African countries are primary producers whereas their most pressing needs are for manufactured goods in which developed countries have at present a clear comparative advantage. The material manifestations of underdevelopment are here expressed as the dynamic divergence in the pattern of domestic/subregional resource use, domestic or subregional demand and needs. Thus, the principal goal must be to seek a dynamic convergence of production, demand and needs. To the extent that there are serious divergences between production structures and demand patterns within the African region, this represents a formidable obstacle to the promotion of intra-African trade. Therefore, production in African countries should be oriented towards African markets.

17. The expansion of intra-African trade is also hindered by a variety of supply constaints which arise because of weaknesses in quality controls particularly in manufactured goods. Prospective importers will naturally look for quality goods at reasonable prices. Some manufactured products originating in African countries are of poor quality and are sometimes overpriced thereby making them uncompetitive within the African region. The fact that quality and technical standards including standards of measurement are not harmonized within the African region constitutes another set of obstacles to the promotion of intra-African trade.

18. Another obstacle to intra-African trade related to supply constraints is concerned with insufficient utilization of local or subregional raw materials with the consequent low value added and difficulty in satisfying rules of origin requirements in cases where subregional integration and economic co-operation schemes have been established. This situation is manifested by unreliability of African supplies which, in turn, points to the insufficiency of planning of specialization and subregional complementarity to ensure long and economic production runs at subregional or regional levels. Intra-African trade depends upon the availability of goods produced within the region at reasonable prices. In addition cost structures of individual African products are uncompetitive compared to similar products from developed market economies. Whatever the reasons are for such uncompetitive cost structures in neighbouring African countries as compared to cost structures in developed countries, the fact is that such differences compel importers to depend on supplies from abroad.

19. The above supply constraints are verified by the contradictions apparent between the statistical data given in tables 1 and 2 above and those given in table 4 below. It has been shown earlier that Africa is a net exporter of products classified as food and live animals (table 2) but table 4 contains figures that indicate that Africa is a net importer of processed products falling under this category. For instance, Africa imported canned meat valued at \$51,540,000, \$65, 879,000 and \$70,507,000 and exported canned meat valued at \$33,885,000, \$20, 873,000 and \$11, 855,000 in 1976, 1977 and 1978 respectively. The disparities between African imports and exports of sausages, canned meat, and prepared/preserved meat as shown by large trade deficits partly confirm the arguments advanced above on the inadequacy of production structures in terms of reliability of supplies, and uncompetitiveness of cost structures. The raw materials from which these imports are produced are available in abundance within the African region as evidenced by the fact that the African region is a net exporter of live animals. Part of the explanation for trade deficits lies in the inadequacy of marketing and physical infrastructures, which is discussed later on.

20. The same is true of other trade items in the classification of food and live animals. The import deficits represented by the differentials between imports and exports of milk (condensed, dry, fresh), butter, and cheese and curd indicate that supply constraints are a major obstacle to intra-African trade and that demand for these items in the region is high. In the case of canned meat or meat prepared and preserved, only seven African countries (Ethiopia, Kenya, Madagascar, Senegal, Swaziland, the United Republic of Tanzania and Zimbabwe) were exporters although their exports fell far short of the demand for these items as shown in table 4. Only three countries (Kenya, Madagascar and Senegal) export sausages, mainly to Europe.

21. Statistical data contained in FAO Trade Yearbook, 1978, volume 32 show that only a few African countries produce and export some of the products covered by the category "Food and live animals". A sample of these products and the countries that produce and export them is as follows:

<u>Eggs in shell</u>: Kenya, Ethiopia, Gabon and the Ivory Coast

<u>Cereals</u>: Zimbabwe, the Niger, the Sudan, Mozambique, Morocco, Malawi, Madagascar, Kenya, the Ivory Coast and Egypt.

<u>Wheat + flour + wheat equivalent</u>: the Ivory Coast, Kenya and Tunisia

<u>Maize</u>: Zimbabwe, Kenya and Zambia

<u>Potatoes</u>: Algeria, the United Republic of Cameroon, Egypt, Ethiopia, the Ivory Coast, Kenya, Morocco, Senegal, the United Republic of Tanzania and Tunisia.

<u>Tomatoes</u>: Morocco, Senegal, Liberia, the Ivory Coast and Egypt.

<u>Oranges: tangerines etc.</u>: Algeria, Egypt, Morocco, Senegal and Tunisia

<u>Cottonseed oil</u>: Kenya, Senegal, Burundi, Egypt, Ethiopia, Nigeria, the Sudan, the United Republic of Tanzania, Mauritius and the Upper Volta.

<u>Animal oil + fats + grease</u>: Kenya

<u>Bananas</u>: Angola, the United Republic of Cameroon, Cape Verde, Equatorial Guinea, Ethiopia, the Ivory Coast, Madagascar and Senegal.

Table 4: Developing Africa's imports and exports of selected items

(thousands of United States dollars)

		1976		1977		1978		Trade Balance (Export-Import)		
		Import	Export	Import	Export	Import	Export	1976	1977	1978
Meat, fresh, chilled, frozen		172 470	77 395	268 257	83 760	343 416	69 347	-95 075	-179 497	-274 069
Meat, dried, salted or smoked	(012)	4 789	2 590	6 144	2 573	9 028	2 765	-2 197	-3 571	-6 263
Meat canned n.e.s.	(014)	51 540	33 885	65 879	20 873	70 507	11 855	-17 655	-45 006	-58 652
of which sausages	(014.2)	5 885	175	9 238	294	14 752	126	-5 707	-8 944	-14 626
Other prepared meat	(014.9)	45 535	31 016	56 613	19 336	55 735	11 191	-14 519	-37 277	-44 544
Bovine cattle	(001.1)	115 070	116 705	202 608	127 373	256 066	153 953	1 635	-75 235	-102 113
Sheep, lambs and goats	(001.2)	47 972	64 930	82 312	79 989	63 291	130 997	16 958	-2 323	67 706
Milk - condensed, dry, fresh	(022)	428 424	3 394	504 987	1 924	601 142	3 860	-425 030	-503 063	-597 282
Butter	(023)	112 411	1 683	114 325	1 859	182 395	2 778	-110 728	-112 466	-179 617
Cheese and curd		53 342	114	70 510	545	84 746	201	-53 228	-69 965	-84 545
Eggs in shell		17 412	530	31 530	523	56 855	273	-16 882	-31 007	-56 582
Cereals (041, 045.1, 045.2, 045.9, 046)		227 124	15 480	255 985	11 727	300 245	15 990	-211 644	-244 258	-284 255
Wheat + flour + wheat equivalent		1 761 927	3 104	1 716 580	5 485	2 155 796	6 828	-1 758 823	-1 711 095	-2 148 968
Rice		253 037	94 240	541 191	71 134	833 217	55 028	-158 797	470 057	-778 189
Maize		192 866	20 499	209 822	19 310	271 592	59 779	-172 367	-198 512	-211 813
Pulses	(054.2)	69 366	114 594	73 447	99 751	76 568	72 013	45 228	26 304	-4 555
Potatoes		54 700	65 518	69 613	60 014	65 342	27 422	10 818	-9 599	-37 920
Tomatoes fresh	(054.4)	494	30 326	830	27 619	845	36 333	29 832	26 789	35 488

Table 4 (cont'd)

	1976		1977		1978		Trade balance (Export-import)		
	Import	Export	Import	Export	Import	Export	1976	1977	1978
Oranges + tangerines + Clem (057.1)	4 915	201 905	4 875	216 354	5 474	282 046	196 993	211 479	276 572
Bananas	29 392	44 081	18 190	42 610	12 377	49 106	14 689	24 420	36 729
Sugar	821 130	491 560	768 469	530 692	817 326	516 501	-329 570	-237 777	-300 825
of which refined (061.2)	522 537	59 553	598 248	51 518	702 239	33 260	-462 984	-546 730	-668 979
Coffee green and roas (071.1)	168 742	2 288 900	276 129	3 558 175	320 753	2 736 769	2 120 158	3 282 046	2 416 325
Cocoa beans	4 176	1 270 797	11 058	1 834 416	18 606	2 510 931	1 266 621	1 823 358	2 492 325
Cocoa powder	2 175	4 034	2 768	12 404	2 828	20 500	1 859	9 636	17 672
Tea	115 094	159 433	178 634	310 712	295 181	278 904	44 339	132 078	-16 277
Tobacco unmanufactured	149 911	281 908	185 770	275 037	243 084	299 667	131 997	89 267	56 583
Beer	105 525	6 123	141 819	4 285	36 972	4 129	-99 402	-137 534	-32 843
Cottonseed oil	75 106	1 639	369 903	2 410	125 210	948	-73 467	-134 493	-124 282
Groundnut oil	27 438	198 509	21 620	228 002	14 985	115 114	171 071	206 382	100 129
Sunflowerseed oil	33 475	381	39 750	42	71 688	27	-33 094	-39 708	-71 661
Olive oil	30 215	101 751	42 678	75 965	54 821	88 085	71 558	33 287	33 264

Source: FAO Trade Yearbook, 1978 and 1979.

22. In addition to the supply constraints outlined above, a number of other obstacles to the expansion of intra-African trade may be due to commercial policies, marketing and infrastructural situations. The role played by each category of obstacles in retarding intra-African trade varies from country to country.

23. All African countries use tariff and quasi-tariff barriers to regulate the movement of goods among themselves and between them and the rest of the world. The reasons given for the use of tariff and quasi-tariff barriers are many and varied. The more common arguments seem to be national security, protection of infant industry to promote diversification of national economies or promotion of self-reliance. Whatever the merits or demerits of these arguments, the point is that tariff and quasi-tariff barriers are among the many obstacles to the expansion of intra-African trade. This factor is relevant since African countries discriminate against each other in the use of these policy instruments in particular to protect textile industries which do not compete with overseas but with other African industries.

24. Alongside tariff barriers each African country utilizes quantitative barriers and prohibitions to frustrate the movement of goods across its national boundaries. Import and export licences and foreign exchange licences are forms of non-tariff barriers. A number of African countries requires importers and exporters to stipulate import sources and export destinations. Others require advance import deposits as well as imposing special charges for acquiring foreign exchange and import licences. The justification for any of these forms of trade control is the same or similar to that for imposing tariffs. The important point to be made here is that while such barriers are applied to imports from overseas and other African countries, such measures tend to frustrate intra-African trade more severely than trade with developed countries not only because of better knowledge of and, in most cases, better reputation of goods originating in the latter but also the numerous trade promoting incentive offered by developed countries such as availability of credit arrangements to finance African imports from abroad. Such arrangements are not available for intra-African trade.

25. Balance of payments problems have become a serious obstacle to the promotion of intra-African trade. Because of the acuteness of the problem of the balance of payments many countries resort to all forms of trade restrictions with respect to imports, and embark on import-substitution programmes.

26. Intra-African trade is hampered by the very high transport costs between African countries. These costs are a result of the inadequacy of physical infrastructures such as railways and roads. The inadequacy of transport and storage facilities at the national and subregional levels reduces the volume of internal and international trade. The inadequacy of transport, storage and communications facilities in Africa constitutes yet another set of obstacles to the expansion of intra-African trade. It is sometimes easier and even faster for a central African country to obtain imports from Europe than from a sister country in the Eastern or West African subregion just because of the inadequacy of transport.

27. Even if the above constraints were removed, intra-African trade would still be faced with marketing problems. First, there is a serious lack of information about the availability of African products. Producers/exporters and consumers/importers have not enough information on markets for their products and the availability of products respectively. Market conditions in any one African country are largely unknown to the majority of African countries. Closely related to this problem is the lack of marketing know-how and the inadequacy of funds for marketing, complicated export and import procedures and documentation, insufficiency of export incentives and the absence of strategies for making African traders direct their commercial efforts towards African markets. These problems indicate that the African region lacks adequate trade promotion arrangements.

28. In addition to the afore-mentioned, lack of credit arrangements to encourage intra-African trade, the inadequacy of clearing and payments

arrangements between or among African countries and the inconvertibility of national currencies constitute another obstacle to the promotion of intra-African trade.

29. The combination of supply constraints discussed earlier and the marketing and infrastructural obstacles presents a formidable challenge in the area of intra-African trade. It is clear that these obstacles need to be tackled in a systematic manner. Those obstacles associated with trade information and trade promotion arrangements fall within the province of trade promotion organizations, export promotion centres, chambers of commerce and all other institutions concerned with trade. It is these African institutions that should provide information on African products, assist African traders in directing their efforts towards African markets, assist African countries in devising marketing strategies and in simplifying export and import procedures and documents, etc.

30. The close economic, particularly trade, ties that exist between each African country and countries outside Africa are what they are partly because chambers of commerce, trade promotion organizations or export promotion centres have played an important role in identifying markets and sources of supply and partly because of the role of historical legacy.

31. The time has come for African Chambers of commerce, trade promotion centres or export promotion centres to play a similar role insofar as intra-African trade promotion is concerned. They could and should assist also in the identification and generation of trade opportunities, identification and introduction of commercial partners and strengthening of linkages between trade and production within the African region.

VI. POTENTIAL OF INTRA-AFRICAN TRADE

32. The analysis of the state of total African trade and intra-African trade has revealed that 95 per cent of total African trade is with countries outside the African region. Intra-African trade accounts for less than 5 per cent of total African trade and it has entered a declining trend since 1970. Notwithstanding this, the potential for the expansion of such trade is clearly substantial.

33. No less clearly the realization of this potential will depend upon the extent to which African Governments, producers and all trade organizations commit themselves to identifying products that can be traded among African countries and the efforts exerted in actually orienting their production and commercial activities towards African markets. The existence of large differentials between demand/consumption and supply/production in any national or subregional market for some products is an indicator of the possible existence of exportable surpluses or production deficiencies which other countries or subregions could exploit. In discussing the general state of intra-African trade it was shown that the African region was a net importer of products classified as manufactured goods, machines and transport equipment, miscellaneous manufactured goods, beverages and tobacco chemicals, animal and vegetable oils, and goods not classified by kind while Africa was a net exporter of products falling under the categories of food and live animals, crude materials excluding fuels, and mineral fuels, etc.

34. It has also been shown that the African region is a net importer of processed goods that are produced from raw materials available in many African countries. The expansion of intra-African trade therefore, lies partly, in the management and processing of the raw materials for distribution within the region. For production of processed goods to take place, market conditions in the region must be known both to present and potential producers.

Accordingly trade institutions such as chambers of commerce, export promotion centres and related trade intermediaries have an important role to play in realizing the potential of intra-African trade not only by identifying trade opportunities but also by encouraging production of goods to be marketed in Africa.

35. Table 4 above gives imports and exports of selected goods largely falling under the category of food and live animals. The excess of imports over the exports for the period 1976-1978 shows an increasing demand trend for those commodities. This table also gives total African trade deficits and surpluses in selected commodities. In 1976 imports of canned meat exceeded exports by $17,655,000; a year later, imports were $45,879,000 more than exports; and in 1978 imports were $58,652,000 more than exports. According to FAO[1/] the largest exporters of canned meat were Kenya, Zimbabwe, the United Republic of Tanzania, Madagascar, Ethiopia, Swaziland and Somalia. The bulk of these exports were destined for the European markets. While some African countries exported their canned meat to European and Middle East markets, African importers were supplied principally from Europe, Latin America and New Zealand. The reasons for this pattern of trade in canned meat are said to include transport facilities, old-established trade links, credit facilities, taste, brand loyalty and quality requirements of the traditional African consumer groups particularly those residing in the urban areas.

36. It is also clear from table 4 that Africa is a net importer of sausages and prepared and preserved meat. Angola, Botswana, Ethiopia, the Sudan, Madagascar, Chad, Kenya, Swaziland and Zimbabwe are the largest exporters of fresh, chilled and frozen meat (comprising beef and veal, mutton, pig meat and poultry). They export 35 per cent of total African exports to countries in Europe, 40 per cent to the Middle East and only 25 per cent of their total export in fresh, chilled and frozen meat is destined to other African States. This situation should be compared with

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the fact that the largest importers of fresh, chilled and frozen meat (i.e. Zaire, the Libyan Arab Jamahiriya, the Ivory Coast, Egypt, Zambia and Mauritius) and the minor importers (Gabon, Seychelles, Reunion, Nigeria, etc.) obtain their supplies mainly from some European countries, Latin America and New Zealand.

37. The potential of intra-African trade in meat is great partly because of the relatively large population of bovine cattle, sheep and goats, pigs and poultry; partly because of the increase in demand for fresh meat, processed meat products with the increasing purchasing power in many African countries and also partly due to ever-increasing marketing difficulties in traditional markets of Europe and the stiff competition from other regions that African meat faces in the Middle East.

38. Therefore, trade promotion organizations (national or subregional) can exploit this potential by identifying markets and sources of supply within the African region. Identification of markets would stimulate and expand production with the consequent increase in intra-subregional or intra-African trade in meat. This is possible because of relative similarities of consumer preferences and tastes; the ease with which products can be adjusted to local requirements at the national and subregional levels and the possibility of lowering consumer prices by adjusting quality to actual consumer needs in a particular country or subregion thereby increasing not only the purchasing power but also the size of the market.

39. The above analysis equally applies, mutatis mutandis, to the potential for intra-African trade in butter, cheese and curd, condensed, dry and fresh milk and eggs in shell. The basic raw materials of these products are cattle and poultry, the production of which varies from country to country and from subregion to subregion. Countries like Egypt, the Sudan, Zimbabwe, Nigeria, Ethiopia, Botswana and the United Republic of Tanzania are producers of butter and ghee. According to FAO[1/] estimates, Kenya was the largest exporter of butter during

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the period 1976-1978, followed by Botswana and Senegal. Consumption of butter shows an increasing trend as measured by increasing margins of the excesses of imports over exports shown in table 4. These trade deficits in butter call for identification of consuming areas and orientation and establishment of production processes directed to those markets. This is a task that can be assigned to trade promotion organizations.

40. The potential of intra-African trade in condensed, dry and fresh milk can similarly be exploited by identifying present and potential producers. The demand for milk is very high in Africa as shown in table 4, where trade deficits for the African region stood at $425,030,000 in 1976 and increased to $697,282,000 in 1978. Kenya was the only net exporter of milk during the period 1976-1978. Although Senegal and the Ivory Coast did export some small quantities of milk, they are large net importers while almost all other countries are duly importers of milk, mainly from Europe; Ethiopia imports milk mainly from Kenya.

41. The potential of intra-African trade in cereals and related products such as maize and rice is limited by production constraints. The trade deficits shown in table 4 simply mean that production falls far short of consumption. While this would seem, at first sight, to limit possibilities for regional trade expansion in these commodities, there is much room for trade at the intra-subregional level subject in particular to crop fluctuations between neighbouring countries. This is already happened to some extent among Zimbabwe, Zambia, Malawi, Botswana and Mozambique in so far as maize is concerned and among a number of countries in West Africa with respect to rice.

42. The African region is a net exporter of fresh tomatoes, oranges, tangerines, bananas, green and roasted coffee, cocoa beans, unmanufactured tobacco, groundnut oil etc., as shown by **positive** signs in table 4. Only 19 African countries recorded trade in fresh tomatoes of which the largest exporters were Morocco and Egypt. Although tables 4 does not show trade in fish, the development of the fish trade in the African region is largely hampered by preservation and transport facilities. The bulk of fish trade in Central and West Africa is carried out in the form of dried, salted and smoked fish.

43. The principal producers of tinned or bottled fruits and vegetables export to the EEC market. Both the Ivory Coast and Kenya enjoy duty-free access to the EEC market particularly when they export pineapples. Morocco exports to France and the Federal Republic of Germany, while Tunisia exports canned vegetables mainly to Europe. Prospects for increasing intra-African trade arise from increasing restrictuions in European markets. However, while some canned products, such as tomato paste are becoming popular in West Africa in that tomato paste is being used as an ingredient in the main dishes, relatively very low purchasing power in most African countries represents a serious obstacle to the expansion of intra-African traded in canned or bottled fruits and vegetables.

44. African imports of cottonseed oil are about 20 times larger than exports. Intra-African trade in cottonseed oil is dominated by the Sudan as an exporter and Egypt as an importer. To the extent that African demand for cottonseed oil is largely met by imports from outside the region, there is big scope for production and diversification particularly in the United Republic of Tanzania, Uganda, Mozambique and Angola.

45. Principal African exporters of woven cotton fabrics are Egypt and the Ivory Coast while importers are the Sudan and Nigeria. The United Republic of Cameroon, Liberia, Sierra Leone and Tunisia are small exporters of cotton fabrics. They export mainly to Morocco, the Niger, Togo, the Congo, Chad and Gabon. More than 30 African countries in 1975 were importing cotton fabrics from the traditional exporting countries such as India, Pakistan, China and Hong Kong. The prospects for intra-African trade in cotton fabrics seem to revolve mainly around the need to devise appropriate pricing policies and special designs to meet the needs and demand patterns obtaining in different subregions and countries of Africa.

46. Discussion on the potential of intra-African trade in this study has so far been largely restricted to selected food items or agricultural products. This is due to the availability of FAO trade data. The analysis of the structure of African trade revealed that the African region was a large net importer of products

categorized as basic manufactures, chemicals, miscellaneous manufactured goods, machinery and transport equipment all of which fall under the classification of industrial products. The very existence of large trade deficits in these product categories is an indication of the existence of great potential for expanding intra-African trade in these products.

47. For example, there is great potential for intra-African trade in some of the following industrial products:

- heavy petrochemical products
- chemicals and pharmaceutical products
- various fertilizers (phosphates, super phosphates, ammonium, etc.)
- products of wood and rubber industries
- products of bauxite and aluminium industries
- copper industries and products of copper for construction, spare parts, telecommunications, etc.
- products of gas and plastic industries (e.g. ammonium fertilizers, bags, pipes, batteries various packaging materials, etc.)
- products of iron and steel industries
- products of wood pulp and paper industries
- leather and leather products
- agricultural machinery (ploughs, harrow, plough discs, threshers etc.)
- zinc and tin products
- hardware products

48. To sum up, in the short and medium term, prospects for intra-African trade are good for some products such as meat and meat products, vegetable oil, fish products (especially canned and dried fish), locally designed cheaper shoes (babouches), cheap cotton textiles, milk powder, mango juice, sliced mango, tomato paste, hides and skins, cheese, canned pineapple and pineapple juice. This is so because of some similarities of consumer preferences and testes at country

and subregional levels; the ease with which products can be adjusted to local requirements; the near absence of rigid sanitary requirements; the ease with which trade information can be obtained because of bilateral trade agreements and subregional integration schemes actually established and envisaged throughout the African region, and the increasing awareness to promote intra-African trade as a result of the directives given by the Heads of State and Government in the Lagos Plan of Action.

49. In the medium and long term there is great potential for intra-African trade in industrial products provided trade promotion organizations orient their trade efforts towards African markets. Imports of industrial products from outside the African region could be replaced by those produced within the region if development plans of African countries were co-ordinated and geared towards African markets. As clearly spelt out in the Lagos Plan of Action, the expansion of intra-African trade in industrial products will substantially depend upon the pace at which jointly owned multinational enterprises are established among African countries.

50. To exploit fully the potentiall of intra-African trade, it will be necessary for feasibility studies to be carried. First, there is need to draw up country production profiles. From these profiles, trade organizations will be aware of sources of supply and excess demand in the African region. Second there is need to compile country trade profiles (exports and imports) from which two lists of commodities can be drawn up showing country export surpluses and country import deficits. Thirdly, a list of exportable African made products on a country-by-country basis would facilitate indepth studies on intra-African trade marketing aspects.