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UNITED NATIONS
ECONOMIC and SOCIAL COUNCIL

Distr.
LIMITED

E/CN.14/ATC/5
25 January 1972

Original: ENGLISH

ECONOMIC COMMISSION FOR AFRICA
ORGANIZATION OF AFRICAN UNITY

Symposium on Intra-African Trade
Nairobi, 28 February - 3 March 1972

DEVELOPING INTRA-AFRICAN TRADE OF SELECTED PRODUCTS

1. Numerous analyses have shown the basic reasons for the low level of intra-African trade and have suggested solutions to be adopted and and implemented. Therefore, we do not find it particularly useful to review the data on economic and trade potentials, the results achieved and further possibilities for developing foreign trade relations among African countries. In our opinion, this symposium should provide an opportunity for an exchange of views on foreign trade problems connected with selected products, avoiding general considerations. At the same time, it would be advisable to discuss these matters having in mind the existing insitutional framework which hardly changes either at national or international levels.

2. Nevertheless, it appears to be useful to remind you of some main trends and characteristics in intra-African trade, considered to be the spiritus agens for better organized and more efficient actions.

3. The volume of intra-regional trade is particularly low in spite of evident advantages of the geographical closeness and a considerable degree of complementarity of economic structures throughout the region. There have not been indications that the share of about 6 per cent in the overall trade of developing Africa has changed during the last years. The annual average growth rate for the period 1965-1969 did not show any improvement in comparison with the preceeding period. A similar picture is encountered in other regions of the world, but generally speaking, Africa is known as an area of weak inter-connections.

4. Agricultural products and petroleum dominate intra-African trade. Semi-manufactures and manufactures, with a higher degree of processing, play a secondary role. Therefore, the diversification of production and the intensification of export marketing activities are considered to be indispensable pre-conditions for developing intra-African trade. On the other hand it should be mainly built up, at least in the beginning, as an additional field of business activity providing markets for the goods that are not suitable for export to overseas markets.

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5. The main directions of the intra-African trade have not changed considerably. The more developed African countries are exporters of manufactures to the less developed areas. The savannah zone supplies other areas with livestock and meat. Landlocked countries depend on business relations with countries of the coastal zone. Mediterranean countries with specific products and possible transit facilities have found markets south of the Sahara. Trade connexions of East African countries with the other parts of the continent are of limited scope.

6. The present recorded regional trade is of a relatively limited volume and does not exceed the value of 200 to 300 million dollars annually. Unrecorded trade might augment the above mentioned value by another hundred million dollars. In the West African sub-region, export of livestock from north to south dominates over the import of manufactures in the opposite direction. North African markets are known as the most developed sub-regional markets for manufactures, with practically unlimited prospects for development and improvement. The East African Community has contributed to the expansion of sub-regional trade in Eastern Africa. Other countries of that sub-region still examine the advantages of becoming members of the community. Due to integration movements and a less accentuated complementarity within Central Africa, attention should be paid to co-ordination of the industrial planning and production.

7. Relatively large and varied markets, within either sub-regions or the region as a whole, offer the opportunities for buying and selling goods both of higher standard and commercial qualities. The existence of subsistence and monetized sectors at the same time create the consumer categories and influence the degree and orientation of mass demand. The limiting factors reflected by purchasing power, habits and other elements of demand should be considered as particularly important for analyses and marketing activities.

8. Insufficient utilization of existing capacity in most industries is very often the result of a mistaken assessment of domestic and foreign markets. On the other hand, the unemployment and under-utilization of industries should provide specific incentives for discovering appropriate solutions. In many cases, existing exports to developed countries confirm that manufactures should even show better results in intra-African trade. Analysis indicates that about 160 groups of semi-manufactures and manufactures represent a broad field of actual and prospective interest.

9. Exchange of manufactures is particularly recorded amongst the partners with diversified economies and more developed internal market possibilities. In other words the general level of development and standard of living are predominent factors in intra-African trade.

10. There is a certain reluctance amongst the exporters arising from the feeling that the competitive position of African manufactures is weak and the obstacles insurmountable. It would be of crucial importance if this symposium could help to define the main ways and means of overcoming these attitudes, mainly motivated by psychological reasons.

11. Re-exports of goods which are or might be manufactured locally confirm that the commercial and economic reasons for intra-African trade promotion exist. It is an area of particular interest to see whether these products are traded in such a way because of their own specific characteristics or because the foreign trade regimes and systems of African countries facilitate re-exports.

12. Difficulties in business relations between French- and English-speaking countries, due to the economic and uneconomic (in particular language) obstacles have so far not been analysed sufficiently. It would be useful if we can assess the real impact of belonging to the above mentioned groups on practical intra-African trade development.

13. For the purpose of this Symposium we have chosen four sectors of selected products. It was considered that this would provide the participants who are familiar with the problems concerned, with the opportunities of reviewing and discussing a concrete and limited field within the couple of hours devoted to our theme.

14. The criteria used in selecting the products might be stated as follows:

(i) Locally produced goods, i.e. items which are cultivated in the country and/or produced or processed from local raw material, whatever the value added to the final product;

(ii) Semi-manufactures and manufactures, following the general opinion that intra-African trade should be concentrated on processed goods;

(iii) One complete export sector, from commodities to manufactures, if and when the items are of interest to intra-African trade.

A. Wood and wood products

15. This group of export items provides many opportunities and prospects for export. Due to complementarity the Central and West African countries are and will be exporters of wood and wood products to the North and to at least one part of the Eastern African sub-region. It should be of interest to assess the real scope and the variety of exports to Libya, Morocco, Tunisia and Egypt as well as to Ethiopia, Somalia, the Sudan and to other countries, which in spite of some production require imported wood to satisfy their needs.

16. The wood-producing African countries have been increasingly focusing attention on finding out and exploring export possibilities in four major end uses, i.e. construction work, building material, industries, furniture and ship-building industries. What is to be particularly explored, is the present competitive situation of tropical and of non-tropical wood products. Efficient export promotion measures have to be found and possibilities discovered for the substitution of non-tropical wood products in favour of tropical species. Finally, the question of new species which might and should be developed as export items is one of those asking for appropriate replies and actions.

17. As far as assortment is concerned, it should be emphasized that wood production is being developed almost everywhere in West, Central and East Africa and the corresponding degree of specialization in production and in trade is badly required. There is a need for defining directions in the export and the import of processed wood e.g. sawn and planed timber, sleepers, etc. There is a broad area for developing intra-African trade in panel board plywood and veneer. This trade has developed extremely fast during the last few years but, to a great extent still lacks marketing research and business co-ordination efforts. These industries have to find new methods of presenting and ways of selling their products based on specific qualities, building characteristics, external appearance, etc. Similar prospects and problems exist regarding particle and fire board both for construction and furniture industries.

18. Bearing in mind export capacities of products which need appropriate packing such as wooden boxes of various kinds and their parts, it has been assessed that this sector is not only suitable for development and enlargement but also enrichment by new solutions and innovations.

19. Due to constantly improving standard of living and to cultural requirements, as well as to the increasing demand for packing material planning, building and production of wood pulp industries, the production of paper and paper board and the development paper confectioning industries offer prospects for considerable business activities.

B. Meat and meat products

20. Meat and meat preparations, as an export group, covers a broad range of fresh, chilled and frozen as well as dried, salted and smoked beef, mutton, sheep and goat, and pork meat. Possibly nowhere more than in this sector export marketing should bear in mind export and import opportunities of a two directional-flow between the partners. Such an approach might also very much facilitate the overall trade policy and provide many incentives for a better and a more purposeful trade exchange. It is quite evident that the present deficit in meat which is expected in West and North Africa might and should be covered by other producing sub-regions.

21. Canned meat is imported in all the countries that usually have some difficulties in supplying themselves with livestock or with fresh and frozen meat. This is without mentioning a range of consumers who prefer tinned meat to fresh meat for sanitary and other quality reasons. All evaluation done so far confirms the feasibility and justification of further development of processing industries. One more factor in export promotion is the production below their built-in capacities of some existing factories, and the planning for setting up new factories in the region, in particular in Ghana, Nigeria, Senegal, Ivory Coast, Upper Volta, Kenya and Ethiopia.

22. Observing the trends in animal production which according to all studies and evaluations have good prospects, milk and dairy products, have their share in intra-African trade, East and West African countries will have an increasing demand for powedered milk, butter and cheese which have been imported so far from outside the region. It should be stressed however that a lot has to be done in order to enable African production of dairy products to compete overseas suppliers.

C. Hides, skins, leather and products

23. This is another field based on local possibilities in most African countries and on accentuated complementarity. Selected producing countries, mostly from the savannah and the Mediteranneean zones might have a big market in the rest of the African continent. One of the characteristics of the trade with these goods is that the importers of livestock become producers of hides, skins and leather in considerable quantities.

24. Existing and planned tanneries and shoe factories and the increasing demand for leather products and footwear throughout the region offer many export and import opportunities. It seems that the main quantities of leather are likely to be flowing from Eastern and Western African countries to other sub-regions. As for footwear, the present tendency is rather oriented to setting up factories wherever at least a minor reason exists.

D. Fruit and vegetables and products

25. There is little data which might offer further information about the trade in fruit and vegetables in Africa. However, it is generally assumed that a substantial trade exists and that it can be further developed if and when the production and the marketing side is appropriately covered.

26. The majority of African countries are situated in the areas suitable for cultivation of onions, cucumber, piments, potatoes, beans, peas, lentils and lettuce. Special attention has been devoted to tomato production for industrial purposes and it is likely to be further developed, having in mind potential markets for tomato purée and other tomato products. On the other hand, inland and coastal areas, the savannah and the Mediterranean countries and other sub-regions have their own production characteristics and offer opportunities for specialization and co-operation.

27. Besides the fruit, fresh, dried and canned fruit and fruit preparations exported to African countries so far like dates, bananas, pinapples, citrus fruit, mangoes and other species and their products appropriate initiative should be taken in order to enlarge the market by replacing African imports from other sources of supply. To some extent, the merchants and the authorities involved might contribute in changing local consumers' tastes and habits, whatever efforts and period of time would be required for accomplishing this difficult task.

28. We would not have included <u>fresh and dried fruit and vegetables</u> in this paper if we had not thought it necessary to point out the possibilities of improving the production for export purposes. These improvements can be brought about by introducing advanced technological processes of preservation and by utilizing the advantages they offer to efficient trade hampered by transportation and climatological obstacles.

29. Vegetable oils of various kinds such as <u>groundnuts, palm, coconut, kernel, castor, cotton-seed etc.</u>, are products whose share in intra-African trade will continue to increase. It is estimated that the demand is going to rise and that the exporters within the region will have quite good prospects for the future. Nevertheless the competition from alternative sources, both outside and within Africa requires appropriate counter actions.

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