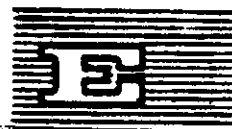


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## PROGRESS REPORT ON A

## SURVEY OF INTRA-AFRICAN PAYMENTS DIFFICULTIES

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ANNEX I Letter from Executive Secretary

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## I. Terms of Reference

1. Resolution 95(VI) called on the secretariat inter alia "to prepare, on the basis of information collected from member states, a complete and accurate survey showing their monetary institutions, the difficulties experienced in effecting their financial settlements, both between each other and with outside countries and the means of remedying the situation..."

## II. Progress of Work

2. The information referred to in resolution 95(VI) was requested in a letter addressed by the Executive Secretary in August 1963 to all members and associate members of the Commission (see Annex 2). As mentioned in other documents, response to the letter has been confined to monetary institutions and regulations. Little if any information on external payments difficulties has been received.

3. In view of the situation, the secretariat proceeded to prepare the study in three separate surveys. The first, on monetary institutions, document E/CN.14/STC/AMA/2/Rev.1, was originally issued in 1964, and has been now revised and brought up-to-date. The second survey which has just been issued covers balance of payments problems, document E/CN.14/WP2/3, E/CN.14/AMA/10. The latter is based on an analysis of trends in balance of payments difficulties, and it is intended to bring to light the sources and implications of major and chronic payments difficulties confronting African countries, and to appraise the efforts so far made to counter these difficulties. The study is meant to provide a basis for formulating policies to achieve more stable long-term equilibrium of payments without endangering the growth rate of African economies. As such, it deals with the problem of international payments in its totality, i.e., without any distinction between extra-African and intra-African payments difficulties.

4. The preparation of a third survey, on intra-African payments difficulties has, therefore, become necessary in order to carry out all the studies called for by resolution 95(VI). The purpose of this short paper is to indicate the progress that has so far been made in this

direction, to show the degree of response by ECA member countries to the secretariat's request for information on the subject and to draw attention to the pressing need for greater cooperation in this matter.

5. As far as response to item (c) of the letter of August 1963 is concerned, it was already indicated to have been negligible. On August 2, 1965, the secretariat sent a questionnaire to all members and associate members of the Commission, requesting information on recent trends in their intra-regional trade, including payments difficulties. The two questions relating to the latter difficulties are phrased as follows:

(a) "Do you have any special difficulties in trade with African countries belonging to the different monetary zones?"

(Question No. 2)

(b) "To what extent, if any, have payments difficulties restricted your export or import trade with other African countries?"

(Question No. 3)

6. No question as to the nature of payments difficulties or the measures taken to resolve them has been asked; but this is a major question in the letter of August 1963.

7. So far only twelve countries have responded to the questionnaire on intra-African trade.<sup>1/</sup> Although on the whole, response (to altogether 16 questions) has been fairly comprehensive, the questions on payments difficulties met with cursory answers. Most respondents indicated the absence of such difficulties; others pointed out that difficulties in intra-regional settlements were rather the exception, confined more or less to relations with one or two countries, or that difficulties have been encountered only under peculiar financial circumstances. This is not to say, however, that no substantive difficulties have been reported. These will be referred to hereunder.

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<sup>1/</sup> Basutoland, Burundi, Chad, Dahomey, Gabon, Gambia, Mauritania, Senegal, Swaziland, Tanzania, Uganda and Zambia.

8. Finally, it is pertinent to refer to another contribution of the secretariat in this field. A document entitled Bilateral Trade and Payments Agreements in Africa, E/CN.14/STC/24/Rev.1, was originally prepared in 1963 and submitted to the second session of the ECA Standing Committee on Trade; it has been recently revised and reissued. In showing the reasons for, and the objectives sought by resorting to bilateral trade and payments agreements, the document gives a survey of the principal trade and payments problems confronting African countries. Both extra- and intra-African trade and payments problems and their degree of persistence are appraised as part of an assessment of the results achieved and the difficulties encountered in the utilization of bilateral agreements. One sub-chapter (paragraphs 127-135) is devoted to an examination of intra-African trade and payments problems and the role of intra-regional agreements.

### III. Intra-African Payments Difficulties

#### The magnitude of the problem

9. Total intra-African trade represents about 5 per cent or less of the continent's total trade.<sup>1/</sup> On the basis of statistical insignificance, it has been often assumed, therefore, that intra-African trade and financial settlements arising out of it do not raise any important issues. This, however, is not the case.

10. First of all, although total intra-African trade represents no more than 5 per cent of total extra-African trade, in certain countries the proportion is much higher, 10 per cent or more, e.g., Mali, Ivory Coast, Upper Volta, Niger, Congo (Leopoldville), the former Federation of Rhodesia and Nyasaland, and Mozambique in both exports and imports; Morocco, Guinea and Madagascar on the export side; and Sudan, Cameroon and Mauritius on the import side. The intra-regional exports of Mali and Upper Volta have, in fact, exceeded the two countries' exports to the rest of the world.

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<sup>1/</sup> Excluding South Africa.

11. Secondly, while its relative share is small and has remained fairly stable, intra-African trade has been characterized by chronic imbalances. Considering the deficits, two facts can be readily observed from the appended table. First is the fact that the proportion of deficits incurred on intra-African trade exchanges relative to extra-African trade deficits has in many cases exceeded the trade ratio of 5 per cent; it has amounted to 10 per cent or more in the following countries: Algeria, Sudan, Upper Volta, Dahomey, Niger, Gambia, Ghana, Togo, Congo (Brazzaville), Mozambique, Reunion, Somalia, French Somalia and Cape Verde Islands. The second significant observation is the fact that in certain instances deficits have been sustained on account of intra-African trade while extra-African trade yielded a surplus, such as in Liberia, Cameroon, the former Federation of Rhodesia and Nyasaland, Mauritius and to some extent Congo (Leopoldville).

12. Another important observation about intra-African trade imbalances should be added; although not borne out by the statistics in the appended table, it can be readily verified by other statistical evidence.<sup>1/</sup> The imbalance of trade between certain pairs of African partners is far more pronounced than their total intra-African trade imbalance. This has been especially the case where intra-African trade imbalances have been greater than extra-African trade imbalances, or where intra-African trade has been in deficit while surpluses were realized on extra-African trade. Some examples of these situations are: Algeria with Morocco, Senegal, Ivory Coast and with Madagascar; Sudan with UAR, Uganda and with Kenya; Ghana with Morocco, Ivory Coast, Upper Volta and Portuguese Guinea; Congo (Leopoldville) with Angola, Tanzania, Uganda and with the former Federation of Rhodesia and Nyasaland; Madagascar with Reunion; Mauritius with Kenya; and until recently, the trade of many countries with South Africa.

<sup>1/</sup> For instance document E/CN.14/STC/24/Rev.1, 'Bilateral Trade and Payments Agreements in Africa. Also, UN Economic Commission for Africa, Statistical Bulletin for Africa, No. 1, Part 1, November 1965, Table 49 a and b.



13. Thus, the statistical insignificance of intra-African trade relative to extra-African or to total African trade should not be taken prima facie to indicate the absence of significant payments problems arising from this trade. Such problems are essentially those encountered in financing chronic and often sizeable trade imbalances whether they be deficits or surpluses.

Means of effecting intra-African trade settlements

14. Before proceeding to an examination of the difficulties encountered in financing intra-African trade imbalances, it is appropriate to give a brief survey of the various methods of payments for intra-regional trade exchanges. Three categories of arrangements can be distinguished:

(a) Trade between countries belonging to the same currency area or monetary zone is generally free of all restrictions including quantitative and exchange. Payments, as a general rule, are effected in the common currency, e.g., CFA franc, South African rand and until recently East African shilling and Rwanda-Burundi franc, or in the common monetary zone reserve currency, e.g., French franc and pound sterling.

(b) Trade between countries belonging to different monetary areas is settled in one of two ways. Until recently, payment in convertible currencies was essentially the only way of effecting settlements. This has encouraged countries to try to minimize deficits in order to preserve their foreign exchange, and as a result trade has often been subject to quantitative and exchange restrictions.

(c) Recently, however, trade between countries belonging to different monetary areas has been conducted increasingly through bilateral channels, largely as a result of quantitative and exchange restrictions which have been imposed to forestall accumulation of trade deficits and depletion of reserves. Although some of the current intra-regional bilateral trade agreements stipulate payments in convertible currencies, the trend is clearly for more settlements in local (inconvertible currencies) or in currencies of account through the clearing arrangements incorporated in some of the trade agreements. Bilateral payments agreements have occasionally been concluded independent of trade agreements or in the absence of the latter.

Difficulties encountered in effecting settlements

15. The basic difficulty is that of finding the necessary convertible currencies to finance trade with countries in other monetary areas. That explains the existence of certain significant trade flows in the pre-independence period. These had originally been limited to one of two cases. First is the case of countries belonging to the same monetary area, e.g., trade within the Franc Zone or the Sterling Area. The other is the case of countries belonging to different monetary areas which nevertheless had had sufficient reserves of convertible currencies due to their strong trading position vis-a-vis hard currency countries; they were thus able to meet the requirements of intra-regional trade, e.g., Congo (Leopoldville) and the former Federation of Rhodesia and Nyasaland.
16. The necessity to secure convertible currencies has also been the root of payments problems encountered more recently in intra-regional trade relations. Some of these problems have arisen out of the break-up of some of the old monetary unions, e.g., Sudan and UAR, Congo (Leopoldville) and Ruanda-Urundi, and recently the break-up of the union between the latter two countries. Similar has been the situation of individual countries who have withdrawn from their larger currency areas or monetary zones such as Guinea; other countries remained in their currency area but withdrew from a larger monetary union, e.g., Mali. The problem may thus be anticipated by countries the break-up of whose monetary unions is imminent, such as the members of the East African Currency Board.
17. In order to avoid or minimize the use of scarce convertible currencies, several countries have chosen to channel payments for some of their intra-regional trade exchanges through bilateral arrangements. It is to be noted that bilateral payments agreements stipulating settlements in convertible currencies obviously do not help in minimizing the use of these currencies. However, such agreements, like all other forms of bilateral trade and payments agreements, serve the useful purpose of opening new trade and payments channels or maintain existing ones in the face of mounting restrictions especially exchange controls.

But settlement in convertible currencies has continued to constitute the core of the problems and has severely hindered the maintenance of old trade flows or the development of new ones, as for instance in the case of Guinea and Mali.<sup>1/</sup>

18. Although payments agreements stipulating settlement in local currencies or in currencies of account have succeeded to some extent in minimizing the use of scarce convertible currencies, they too have met with some difficulties. When no "swing" credit provisions were featured, settlement of balances fell rather too frequently, and the need to allocate convertible currencies for this purpose has often discouraged continued utilization of the agreements. Some of the agreements with "swing" credit provisions have met with yet another problem, namely the accumulation of inconvertible claims. This has been the case where trade developed in a lopsided manner with one partner's exports running persistently in excess of its imports from the other partner, and especially where the latter has been unable to effect final settlement of balances when it fell due. Under such circumstances trade can only be halted. The best example here is that of trade and payments relations between Sudan and UAR.<sup>2/</sup>

19. There are several other payments difficulties confronting intra-regional settlements but they all stem from the same source, that is to say, they are all rooted in the fundamental problem of different currencies with varying degrees of inconvertibility and the underlying scarcity of genuinely convertible currencies. One of these is the problem of making settlements on account of goods that do not pass through the proper customs channels as for example frontier trade. Another widely common problem is the general disinterest of commercial banks in trade

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1/ Information sent directly by the Government of Guinea in response to an ECA questionnaire on bilateral trade and payments agreements, and information sent directly by the Government of Mauritania in response to ECA's questionnaire on intra-African trade.

2/ See Bilateral Trade and Payments Agreements in Africa, E/CN.14/STC/24/Rev.1

with countries outside their monetary areas, and hence their unwillingness to provide the credit and other financial services needed to conduct trade. This problem can be resolved through the development of indigenous commercial banks; so far, however, expatriate institutions prevail in the economies of most countries. Most foreign commercial banks in any African country have their headquarters in the European centre of the monetary or currency area to which the country belongs.<sup>1/</sup>

#### IV. Conclusion

20. It is clear that African countries have been facing several difficulties in effecting financial settlements in connection with their intra-regional exchanges. This tentative report has assessed in general terms the magnitude of these problems. It has shown the main sources of these problems, but referred to only a limited range of the many forms and aspects of intra-African payments difficulties.

21. If all forms and aspects are to be surveyed, and, analyzed, and if measures that have been taken or to be recommended for resolving the difficulties are to be examined and appraised, it will be necessary for all member countries to provide the needed information. Item (c) of the appended questionnaire still remains unresponded to; it is hoped that this progress report has brought to light the importance of providing the Secretariat with the information called for therein.

<sup>1/</sup> See Survey of Monetary Institutions in Africa, E/CN.14/STC/AMA/2/Rev.1

\*W.B. In Connection with Item (a) of the questionnaire, banking laws and regulations, the secretariat has not yet received the Central Bank Act (or Statutes) of the following countries: Algeria, Tunisia, UAR, Guinea, Mali, Congo (Leopoldville) and Rwanda.

BALANCE OF TRADE OF AFRICAN  
COUNTRIES  
1959-1963

(Thousand U.S. dollars)

Country	A F R I C A			Rest of the world		
	Exports	Imports	Balance	Exports	Imports	Balance
<u>Morocco</u>						
1959	42,458	10,236	+32,222	289,242	323,264	-34,022
1960	48,847	14,133	+34,714	305,352	404,185	-98,833
1961	42,286	15,595	+26,691	299,821	430,463	-130,642
1962	38,187	16,341	+21,846	310,065	408,953	-98,888
<u>Algeria</u>						
1959	14,820	67,580	-52,760	350,793	1,073,289	-722,496
1960	17,504	66,278	-48,774	376,865	1,199,022	-822,157
1961	18,317	57,185	-38,868	644,496	1,008,864	-364,368
<u>Tunisia</u>						
1959	9,423	5,643	+3,780	132,477	147,257	-14,780
1960	11,361	4,986	+6,375	108,324	185,712	-77,388
1961	5,677	5,457	+220	104,696	205,135	-100,439
1962	5,585	4,141	+1,440	110,291	212,178	-101,887
1963	10,268	4,566	+5,702	115,737	217,217	-101,480
<u>Libya</u>						
1959	4,846	2,820	+2,026	6,654	110,780	-104,126
1960	1,305	5,079	-3,774	7,395	160,269	-152,874
1961	303	4,245	-3,942	17,950	144,931	-126,981
1962	85	4,963	-4,878	137,160	200,680	-63,520
1963	6,646	5,161	+1,485	370,941	233,617	+137,324
<u>UAR(Egypt)</u>						
1959	18,534	15,248	+3,286	424,466	600,552	-176,086
1960	17,508	14,390	+3,118	529,806	631,910	-102,104
1961	23,158	15,253	+7,905	461,931	684,758	-222,827

BALANCE OF TRADE OF AFRICAN  
COUNTRIES  
1959-1963

(Thousand U.S. dollars)

Country Year	A F R I C A			Rest of the World		
	Exports	Imports	Balance	Exports	Imports	Balance
<u>Sudan</u>						
1959	13,125	21,225	-8,100	178,675	142,575	+36,100
1960	10,479	19,732	-9,253	171,499	161,168	+10,331
1961	15,205	24,250	-9,045	163,342	213,688	-50,346
1962	13,146	22,653	-9,507	213,585	233,867	-20,282
1963	12,626	18,974	-6,348	208,816	265,991	-57,175
<u>Mauritania</u>						
1961	1,205	417	+788	962	30,659	-29,697
1962	914	219	+695	1,870	35,455	-33,585
1963	1,310	30	+1,280	3,918	29,986	-26,068
<u>Senegal</u>						
1961	11,173	8,581	+2,592	113,019	146,710	-33,691
1962	8,356	8,206	+150	115,893	146,567	-30,674
1963	5,043	8,807	-3,764	105,464	147,262	-41,798
<u>Mali</u>						
1961	7,504	5,762	+1,742	6,559	29,829	-23,270
1962	4,352	5,603	-1,251	5,677	40,111	-34,434
1963	6,597	7,680	-1,083	3,977	26,565	-22,588
<u>Ivory Coast</u>						
1960	18,928	7,421	+11,507	132,292	112,533	+19,759
1961	19,784	7,395	+12,389	156,853	146,505	+10,348
1962	19,571	6,886	+12,685	162,891	133,062	+29,829
1963	24,270	15,089	+9,181	216,059	154,675	+61,384

BALANCE OF TRADE OF AFRICAN  
COUNTRIES  
1959-1963

(Thousand U.S. dollars)

Country	A F R I C A			Rest of the World		
	Exports	Imports	Balance	Exports	Imports	Balance
<u>Upper Volta</u>						
1960	3,662	1,286	+2,376	649	6,925	-6,276
1961	2,913	7,786	-4,837	660	20,586	-19,926
1962	5,664	8,771	-3,107	1,038	25,871	-24,833
1963	6,366	13,090	-6,742	2,951	23,987	-21,036
<u>Dahomey</u>						
1961	3,184	4,797	-1,613	11,315	20,636	-9,321
1962	2,125	4,717	-2,592	8,807	22,123	-13,316
1963	1,108	3,046	-1,938	11,237	28,131	-16,894
<u>Niger</u>						
1959	1,239	934	+305	10,312	6,306	+4,006
1960	2,968	4,809	-1,841	9,623	8,184	+1,439
1961	3,371	6,267	-2,896	5,788	12,582	-6,794
1962	5,862	7,545	-1,683	8,643	19,916	-11,273
1963	5,512	5,166	+346	14,194	17,547	-3,353
<u>Gambia</u>						
1959	317	606	-289	7,962	8,209	-247
1960	395	672	-277	7,394	8,348	-954
1961	192	691	-499	9,256	12,112	-2,856
1962	150	777	-627	9,842	11,770	-1,928
<u>Guinea</u>						
1959	2,055	4,175	-2,120	26,743	57,720	-30,977
1960	5,307	3,427	+1,880	46,591	46,514	+77
1961	8,010	4,302	+3,708	53,465	68,587	-15,122
1962	6,807	2,675	+4,132	38,103	62,929	-24,826

BALANCE OF TRADE OF AFRICAN  
COUNTRIES  
1959-1963

(Thousand U.S. dollars)

Country	A F R I C A			Rest of the World		
	Exports	Imports	Balance	Exports	Imports	Balance
<u>Sierra Leone</u>						
1959	943	1,945	-1,002	53,557	63,955	-10,398
1960	557	2,120	-1,563	72,038	71,638	+400
1961	403	2,177	-1,774	70,061	88,933	-18,872
1962	384	2,134	-1,750	46,236	83,084	-36,848
1963	233	1,808	-1,575	71,100	81,785	-10,785
<u>Liberia</u>						
1959	87	1,048	-961	64,806	41,860	+22,946
1960	66	1,338	-1,272	79,441	67,852	+11,589
<u>Ghana</u>						
1959	6,626	19,640	-13,014	310,774	296,882	+13,892
1960	8,174	21,208	-13,034	312,173	340,891	-28,718
1961	9,190	25,600	-16,410	313,189	374,325	-61,136
1962	5,720	21,904	-16,184	306,977	311,581	-4,604
1963	6,994	24,710	-17,716	298,402	340,451	-42,049
<u>Togo</u>						
1960	1,431	5,085	-3,654	13,105	21,052	-7,947
1961	1,847	3,792	-1,945	16,837	22,430	-5,593
1962	1,688	3,360	-1,672	15,485	23,733	-8,248
1963	1,060	3,663	-2,603	17,205	25,368	-8,163
<u>Nigeria</u>						
1959	3,730	3,450	+280	454,470	498,950	-44,480
1960	2,758	5,437	-2,679	448,112	597,456	-149,344
1961	7,468	6,681	+787	464,433	609,276	-144,843
1962	11,175	4,160	+7,015	444,025	557,313	-113,288
1963	10,382	4,779	+5,603	507,249	576,156	-68,907



BALANCE OF TRADE OF AFRICAN  
COUNTRIES  
1959-1963

(Thousand U.S. dollars)

Country	Africa			Rest of the World		
Year	Exports	Imports	Balance	Exports	Imports	Balance
<u>Cameroun</u>						
1959	6,925	6,736	+189	101,475	74,864	+26,611
1960	5,320	8,965	-3,645	93,220	73,837	+19,383
1961	6,713	14,312	-7,599	91,229	81,644	+9,585
1962	8,607	12,314	-3,707	94,605	89,139	+5,466
1963	7,381	14,408	-7,027	110,953	94,581	+16,372
<u>Chad</u>						
1960	3,650	3,140	+510	9,600	22,117	-12,517
1961	3,495	2,316	+1,179	17,945	23,013	-5,068
1962	4,011	2,808	+1,203	12,534	26,304	-13,770
1963	4,566	2,736	+1,830	18,141	26,298	-8,157
<u>Central African Republic</u>						
1961	1,241	1,135	+106	12,491	21,142	-8,651
1962	1,258	1,453	-195	12,905	23,714	-10,809
1963	805	1,513	-708	21,191	24,827	-3,636
<u>Gabon</u>						
1961	3,156	2,339	+817	16,568	33,525	-16,957
1962	3,034	2,966	+68	55,301	35,769	+19,532
1963	3,187	2,495	+692	69,160	45,606	+23,552
<u>Congo (Brazza)</u>						
1961	3,156	7,258	-4,102	16,568	71,810	-55,242
1962	1,950	4,646	-2,696	33,073	63,100	-30,027
1963	2,381	4,944	-2,563	39,250	56,811	-17,561

BALANCE OF TRADE OF AFRICAN  
COUNTRIES  
1959-1963

(Thousand U.S. dollars)

Country Year	A F R I C A			Rest of the World		
	Exports	Imports	Balance	Exports	Imports	Balance
<u>Congo (Leo)</u>						
1959	22,150	26,652	-4,502	477,980	281,308	+196,672
1962	8,875	16,440	-7,565	111,756	154,379	-42,623
1963	40,288	47,296	-7,008	344,912	268,782	+76,130
<u>Angola</u>						
1959	9,624	4,250	+5,374	115,201	126,870	-11,669
1960	8,640	3,660	+4,980	115,369	123,987	-8,618
1961	11,781	4,357	+7,424	122,959	109,294	+13,665
1962	12,161	6,119	+6,042	136,150	129,459	+6,691
1963	12,529	7,146	+5,383	151,992	139,333	+12,659
<u>South Africa</u>						
1959	231,325	94,468	+136,857	969,698	1,273,855	-304,157
1960	197,037	107,225	+89,812	907,487	1,448,728	-541,241
1961	182,873	96,718	+86,155	1,000,578	1,304,002	-303,424
1962	189,578	102,043	+87,535	1,143,136	1,334,123	-190,987
<u>Rhodesia &amp; Nyasaland</u>						
1959	48,432	155,734	-107,302	475,089	264,691	+210,398
1960	48,854	160,375	-111,521	511,489	278,774	+232,715
1961	54,783	147,938	-93,155	505,851	286,078	+219,773
1962	75,745	133,093	-57,348	510,902	267,291	+243,611
1963	89,097	116,970	-27,873	534,460	260,451	+274,009

## BALANCE OF TRADE OF AFRICAN

## COUNTRIES

1959-1963

(Thousand U.S. dollars)

Country	Africa			Rest of the World		
	Exports	Imports	Balance	Exports	Imports	Balance
<u>Mozambique</u>						
1959	10,731	21,932	-11,201	67,395	99,989	-32,594
1960	6,955	20,882	-13,927	66,057	105,935	-39,878
1961	10,434	19,802	-9,368	78,190	109,545	-31,355
1962	17,729	24,523	-6,794	73,566	111,409	-37,843
1963	20,513	23,162	-2,649	80,222	118,651	-38,429
<u>Madagascar</u>						
1959	13,411	7,120	+6,291	62,112	112,403	-50,291
1960	14,048	5,744	+8,304	60,821	105,797	-44,976
1961	12,116	4,889	+7,227	65,411	98,537	-33,126
1962	15,705	5,405	+10,300	78,664	116,124	-37,460
1963	10,620	3,809	+6,811	71,459	123,630	-52,171
<u>Comoro Is.</u>						
1961	283	1,384	-1,101	2,496	2,297	+199
1962	285	1,419	-1,134	2,896	2,262	+634
1963	300	1,926	-1,626	4,410	3,475	+935
<u>Reunion</u>						
1961	1,554	6,698	-5,144	35,172	51,048	-15,336
1962	1,665	7,433	-5,768	31,376	55,868	-24,492
1963	602	7,755	-7,153	37,493	61,993	-24,500
<u>Mauritius</u>						
1959	1,027	5,224	-4,197	58,823	53,536	+5,287
1962	1,067	10,675	-9,608	61,808	57,097	+4,711
1963	1,100	9,631	-8,531	87,435	60,323	+27,112

BALANCE OF TRADE OF AFRICAN

COUNTRIES  
1959-1963

(Thousand U.S. dollars)

Country Year	A F R I C A			Rest of the World		
	Exports	Imports	Balance	Exports	Imports	Balance
<u>Zanzibar</u>						
1959	1,078	4,018	-2,940	9,625	11,408	-1,783
1960	1,292	3,818	-2,526	12,061	11,165	+896
1962	1,322	5,532	-4,210	7,585	13,111	-5,526
<u>Tanganyika</u>						
1959	8,922	3,716	+5,206	123,364	75,736	+47,628
1960	5,561	2,817	+2,744	147,943	79,845	+68,098
1961	5,160	4,227	+933	131,057	84,381	+46,676
1962	5,599	2,928	+2,671	137,876	81,349	+56,527
1963	4,795	1,348	+3,447	173,152	83,837	+89,315
<u>Uganda</u>						
1959	9,735	2,564	+7,171	111,331	37,704	+73,627
1960	7,302	3,099	+4,203	109,144	37,283	+71,861
1961	5,670	2,845	+2,825	104,076	38,735	+65,341
1962	6,528	1,711	+4,817	98,849	37,948	+60,901
1963	8,638	1,774	+6,864	135,492	49,218	+86,274
<u>Kenya</u>						
1959	9,456	12,385	-2,929	98,107	208,367	-110,260
1960	8,845	13,958	-5,113	89,681	237,967	-148,286
1961	8,520	18,261	-9,741	90,370	230,026	-139,656
1962	9,641	12,447	-2,806	96,513	243,065	-146,552
1963	12,528	10,463	+2,065	110,203	258,450	-148,247
<u>Somalia</u>						
1961	2,005	2,279	-274	16,665	17,529	-864
1962	1,124	4,877	-3,753	24,103	33,020	-8,917
1963	2,029	5,135	-3,106	29,706	40,019	-10,313

BALANCE OF TRADE OF AFRICAN  
COUNTRIES  
1959-1963

(Thousand U.S. dollars)

Country Year	A F R I C A			Rest of the World		
	Exports	Imports	Balance	Exports	Imports	Balance
<u>Fr. Soma-</u> <u>liland</u>						
1961	426	1,324	-898	1,146	11,139	-9,993
1962	337	461	-124	1,879	12,370	-10,491
1963	100	7,758	-7,758	37,493	61,993	-24,500
<u>Ethiopia</u>						
1959	11,720	5,164	+6,556	61,246	78,902	-17,656
1960	5,338	2,020	+3,318	72,695	86,233	-13,538
1961	6,410	2,256	+4,154	69,648	92,157	-22,509
1962	5,753	2,168	+3,585	74,563	100,079	-25,516
1963	7,062	1,351	+5,711	81,268	109,794	-28,526
<u>Cape Verde</u> <u>Islands</u>						
1959	69	810	-741	11,048	12,370	-1,322
1960	129	2,084	-1,955	10,530	10,046	+484
1961	177	1,549	-1,372	790	4,903	-4,113
1962	152	1,311	-1,159	620	5,547	-4,927

Source: National publications, supplemented by United Nations and EAC statistics.

Sir,

I have the honour to refer to resolution 87(V) of the fifth session of the Economic Commission for Africa which requests the Executive Secretary to "undertake a study of the possibilities of establishing a clearing system within a payments union between the African countries."

In response to resolution 87(V), the Secretariat of ECA, in consultation with Professor Robert Triffin of Yale University, is now in the process of studying the possibilities of establishing a clearing and payments union in Africa. As the first step in this direction, it is intended to convene a group of monetary and financial experts in January 1964, who would be charged with the preparation of concrete recommendations for the implementation of resolution 87(V), to be submitted to the sixth session of ECA.

In order to provide the necessary information for the work of the expert group, and thus facilitate its deliberations, I would be grateful if your Government could transmit to the Secretariat of ECA, as soon as possible but not later than 31 October 1963, the following information:

(a) copies of all laws and regulations governing the operation of the monetary system, banking institutions and foreign exchange transactions, as well as payments agreements now in force, with any comments that are considered to be of interest in this connection;

(b) information about proposed reforms or agreements now under consideration in the fields listed under (a);

(c) information about major difficulties and obstacles encountered in international payments, both within and outside Africa.

It would also be appreciated if you could indicate the lines along which any difficulties and obstacles mentioned under (c) might be reduced or eliminated.

Since the study of the possibilities of establishing a clearing and payments union in Africa under resolution 87(V) may necessitate further requests for information, your Government may wish to designate an official in the appropriate department with whom the Secretariat of ECA could in future correspond, whenever necessary, regarding this and other related technical information.

Accept, Sir, the assurances of my highest consideration.

R.K.A. Gardiner  
Executive Secretary