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SURVEY
of
ECONOMIC AND
SOCIAL CONDITIONS
in
AFRICA, 1984-1985

Explanatory notes

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In the tables, two dots (..) indicate that data are not available or are not separately reported, while a dash (—) indicates that the amount is nil or negligible.

In dates, a hyphen (-) is used to signify the full period involved, including the beginning and end years, and a stroke (/) indicates a crop year, fiscal year or plan year.

A billion is one thousand million.

References to "tons" mean metric tons and to "dollars" United States dollars, unless otherwise specified.

List of abbreviations

ACP	African, Caribbean and Pacific (countries)
CFA	Communauté financière africane
ECA	Economic Commission for Africa
EEC	European Economic Community
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross domestic product
IMF	International Monetary Fund
OAU	Organization of African Unity
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
SDR	Special drawing right

CONTENTS

		Page
	Explanatory notes	ii
	Abbreviations	ii
	Introduction	v
Chapter		
I.	END-OF-YEAR MESSAGE OF THE EXECUTIVE SECRETARY	1
	A. Introduction	1
	B. Economic Performance in 1985	1
	C. Prospects for 1986	3
	D. Africa's Priorities for Economic Recovery	4
II.	THE INTERNATIONAL ECONOMIC SITUATION	6
	A. Slow-down in the World Recovery	6
	B. Trade and Finance	6
	C. Development Issues at the International Level	7
	D. Africa's Crisis and the International Community	7
	E. Prospects for 1986	8
III.	OVERALL TRENDS IN DEVELOPING AFRICA	10
	A. Output and Demand, 1984–1985	10
	B. Country Experience	12
	C. The Debt Issue	17
	D. Policy Issues	18
	E. Outlook for 1986	20
IV.	AGRICULTURE	23
	A. The 1983–1985 Drought	23
	B. Food Production, 1984–1985	24
	C. Production and Prices of Industrial Crops	26
	D. Forestry	28
	E. Africa's Agricultural Trade	28
	F. Agricultural Policy Developments in 1984 and 1985	28
	G. Prospects for 1986	31
V.	MANUFACTURING INDUSTRY	32
	A. Subregional Breakdown	33
	B. Importance of the Manufacturing Sector	33
	C. Trade in Manufactures	35
	D. Issues, Problems and Prospects	35
VI.	ENERGY AND MINING	37
	A. Energy	37
	B. Mining	39
	C. Prospects for 1986	42

CONTENTS (*Continued*)

		Page
VII.	FISCAL, MONETARY AND PRICE DEVELOPMENTS	43
	A. Fiscal Developments	43
	B. Monetary Developments	44
	C. Price Developments	45
VIII.	THE EXTERNAL SECTOR	47
	A. Exports and Imports	47
	B. Commodity Structure of Trade	48
	C. Prices	49
	D. Africa's Share in World Trade	51
	E. Direction of Trade	51
	F. The Balance of Payments	52
	G. Exchange Rates	53
	H. Resource Flows	54
Annex	Statistical tables	57

INTRODUCTION

1. The Survey of Economic and Social Conditions in Africa for 1984-1985 is the product of field surveys carried out during the year 1985 by the staff of the Socio-economic Research and Planning Division of the Economic Commission for Africa (ECA), supplemented by information made available to the Commission by member States. Data have also been obtained from other sources, particularly other international organizations such as the International Monetary Fund (IMF), the World Bank and the Food and Agriculture Organization of the United Nations (FAO). Despite our efforts, there are many weaknesses in the information used, though the broad facts of the African situation are now clear. Caution should therefore be exercised as to the precision of some figures, even on such fundamental aspects as domestic output.

2. The 1984-1985 Survey appears at a particularly trying time for the region. One of the most devastating droughts in living memory is ending, after causing hundreds of thousands of deaths from hunger and disease. Despite the return of good rains and indications of a record crop in 1985, drought persists in some places, and the scars left on people and countries will be long-lasting.

3. Because of drought and persistent weaknesses in economic structure and economic policies, the region has been unable to take advantage of the recovery in the world economy, and output will grow by only 3 per cent in 1985. In addition, the pressure of debt on balance of payments has become more intense, and many countries are finding themselves unable to increase vital investment.

4. The sharp fall in demand for African exports in 1985, which has affected almost all products, jeopardized the slight recovery in the region's economy. In fact ECA is now forecasting growth of no more than 2 per cent in 1986.

5. The path to renewed growth in Africa will therefore be a hard one. The economic recovery programme drawn up by the heads of State and government of the Organization of African Unity (OAU) at their twenty-first session in Addis Ababa offers a way out of the present predicament, and should be an earnest priority for all the countries of the region.

I. END-OF-YEAR MESSAGE OF THE EXECUTIVE SECRETARY

A. INTRODUCTION

6. This time last year, when I made my 1984 end-of-year statement, Africa was still in the grip of the worst drought in decades. From the Sahel to southern Africa a belt of drought stretched across 27 countries, threatening the very survival of almost 200 million people. Now, thankfully, the indications are that the intensity of the great 1983-1985 drought has broken. Over most of the continent the rains returned to normal —in some areas, above normal. According to our information, which is corroborated by FAO,[1] the 1985 crop will be a bumper one, more than 14 million tons higher than in 1984 for cereals. Even more encouragingly, some countries of Eastern and southern Africa - particularly Kenya and Zimbabwe - will be able to resume the export of grains. And in such hard-hit countries as Ethiopia and the Sudan, the harvest will be one million tons higher than in 1984. In West Africa the harvest will be 50 per cent higher. Of course, the picture is not wholly favourable, as pockets of drought still remain in some areas of Africa.

B. ECONOMIC PERFORMANCE IN 1985

1. Sectoral performance

7. This marked recovery in agriculture has been such that production is expected to grow by over 2.5 per cent compared to an average of only 0.1 per cent in 1980-1984 (various growth rates for 1984-1986 are given in table I.1). The recovery comes after a sharp drop in growth rates in agricultural production in 1982 and 1983, when the drought severely hit a large number of African countries, followed by a slight recovery in 1984 in Eastern and southern Africa. Export crops such as cocoa, coffee, cotton, sugar, tea and tobacco, which are major foreign exchange earners for the majority of the countries of the region, have also participated in the recovery. For coffee, though regional figures are not yet available, a strong recovery occurred in 1984/85. For example, production in Côte d'Ivoire is reported at 300,000 tons, compared to a catastrophic low of only 90,000 tons during the previous season. Cocoa production is up to 1.8 million tons in 1984/85 compared to 1.5 million tons in 1983/84, with a particularly strong recovery in Ghana. Cotton production has risen 5 per cent, from 5.6 million bales in 1983/84 to 5.9 million in 1984/85.

[1] *Food Outlook*, No. 10, 1985 (November 1985).

8. Unfortunately, the strong recovery in export crops has coincided with a sharp fall in the prices of practically all the commodities exported by Africa. In the third quarter of 1985, the IMF commodity index was 15 per cent lower than its 1984 average. The price of sugar collapsed to only $0.04 a pound early in the year, well under the cost of production. Between October 1984 and July 1985, coffee export revenues declined by 13.6 per cent as a result of falls of 6 per cent in export prices and 7.6 per cent in export volume.

9. The good rains of 1985 and the consequent bumper harvest should not lead us to the conclusion that Africa has now overcome its drought-induced problems. First of all, the food balance is still precarious, since in many areas the new harvest is not yet in. In other cases, as a result of the massive disruptions caused by the drought, the people have not been able to take advantage of the good rains, through a lack of seeds or draught animals, or simply because they have been forced to migrate far from home in search of food and shelter. Consequently, continued food relief is still urgently needed in some countries, particularly Angola, Ethiopia, Mozambique and the Sudan.

10. Secondly, despite considerable pledges of food aid (nearly 6.6 million tons for 1985/86 alone), the food distribution situation is still very unsatisfactory. On the one hand, a substantial part of the aid (1.7 million tons for 1984/85) has not yet been delivered. More seriously, within African countries themselves, food aid distribution is hampered by a multiplicity of factors, including a lack of lorries, poor road networks, limited port capacity, etc. In Ethiopia and the Sudan - two of the countries most seriously hit by drought and famine - it is reported that nearly 0.5 million tons of food aid are lying undelivered in the ports, sometimes in the open, exposed to rain and other hazards. It is imperative for Governments, in co-operation with the international community, to find a rapid and lasting solution to the food distribution problem. It would be inexcusable for people to continue to die of hunger while there is food waiting to be distributed.

11. The mining sector, another export-oriented sector, was also hurt by weak demand. Metal prices in the third quarter of 1985 were 4.2 per cent below the 1984 average. Tin prices dropped by over half, leading to the collapse of the International Tin Agreement in 1985 and endangering the whole metal trading system as other metal prices behaved erratically.

12. Copper prospects are likewise clouded because, although world production is expanding, consumption is sluggish. Zaire and Zambia, the major African

producers, are particularly badly affected. There is an over-supply of nickel, with prices down by 30 per cent in recent months. For bauxite the situation appears to be better, but the high level of stocks is acting as a brake on production. Uranium prices have fallen considerably, a further setback to countries like the Niger, whose export revenues are dependent on uranium sales.

13. The rise in the value of the dollar cushioned exporters up to the first quarter of 1985, but its subsequent fall has exposed them to substantial losses. Liberia, is another mineral-dependent country, has suffered a drastic fall in exports of iron ore and diamonds. The oil market is currently extremely volatile as a result of the recent decision of the Organization of Petroleum Exporting Countries (OPEC) to defend its share in the world market.

14. Normally, oil prices are expected to firm up during the winter season in the northern hemisphere, when short-term stock-building takes place. The current behaviour of the oil market, with the sharp fall in prices resulting from the OPEC decision, at a time when they should be rising, makes prospects for oil exports very dim indeed. The mining sector as a whole is therefore unlikely to contribute much to economic recovery in 1985; a mere 2.6 per cent growth rate is forecast by the ECA secretariat.

15. The situation in manufacturing showed a slight improvement in 1985, especially in the agro-industrial subsector. This comes after a low growth rate of about 3 per cent a year during 1980-1984. However, the crisis in the sector remains acute as production depends mainly on foreign factor inputs and raw materials as well as foreign expertise. With the increasing shortage of foreign exchange, many factories were not able to import the inputs and spare parts necessary for their operations - to such an extent that average capacity utilization in most of them did not exceed 25 per cent. Hence many factories had no choice but to close down, while others were operating uneconomically. The manufacturing sector is expected to have grown by only 3.2 per cent in 1985.

2. Domestic demand

16. The declining trend in per capita consumption has continued during the past 12 months, after a fall of 3.5 per cent during 1982-1984. The cause was poor economic performance due to the drought which affected many countries during 1984. Most of the decline has affected private consumption as compared to public expenditure. Investment has also continued to decline. Huge budgetary and external deficits brought capital formation down further by 5 per cent after a fall of 3.6 per cent during 1980-1984.

3. The external sector

17. Low external demand has negatively affected commodity exports, which are expected to stagnate at $57 billion. Exports of goods and services will grow by only 3.5 per cent in volume, down from 7 per cent in 1984. On the other hand, imports of goods and services in 1985 fell by 3 per cent in volume, down from 4 per cent in 1984. The worsening trend in export prices offset the increase of 3.5 per cent in volume. The reduction in the volume of imports was similarly offset by a rise in their prices. Nevertheless, there was an improvement in the current account deficit of African countries, which fell by half, from the 1981-1984 average of $22 billion to $11 billion for 1985. Consequently, Africa's reserves had improved by $2.2 billion at the end of September 1985. Unfortunately, the improvement was completely wiped out by growth in the debt-servicing burden.

18. The external debt is provisionally estimated at over $170 billion for 1985, which in absolute terms is small compared to the debt of other developing regions. But in terms of its debt-servicing burden, Africa is one of the most heavily indebted regions, with a debt-servicing ratio estimated at 22.3 per cent in 1984, rising to 25 per cent in 1985. For some countries, like Côte d'Ivoire, Kenya and Morocco, the ratio stood at unprecedented levels in 1984, exceeded only by that of Brazil.

19. Under the adjustment programmes sponsored by IMF or pursued independently by some countries, debt service payments have come to represent huge proportions of national budgets, and have led to the net transfer of resources abroad. In the case of Zaire, which is burdened by a debt estimated at $4.4 billion, payments in 1984 totalled $500 million - nearly 52 per cent of exports, or 40.4 per cent of current budget revenues. In Ghana, the debt-servicing ratio in 1985 is estimated at 40.5 per cent of export earnings; it would have climbed to 85 per cent if payment deferment measures had not been taken. The Sudan is faced with payments amounting to $800 million on debt outstanding from a previous rescheduling exercise, while total debt service for 1985 is estimated at 157 per cent of expected merchandise exports, a clearly intolerable situation.

20. In 1985, many countries experienced a bunching of debt, combined with an alarming fall in resource inflows. This weighed heavily on investment, which is expected to have fallen again by 5 per cent. For example, net capital flows in 1985 remained at almost the same level as in 1984. During 1985 and 1986, it is estimated that gross capital flows will stagnate, while the amortization payments rise to $8 billion per annum, and net capital flows are not expected to exceed $5 billion a year during 1985-1987. It is in the context of diminishing resource flows to Africa that the external

indebtedness crisis should be viewed. Indeed, this indebtedness will contribute in no small measure to the worsening of Africa's overall socio-economic crisis, if the call for a lasting solution within the framework of an international conference on its external indebtedness remains unheeded.

21. The critical situation of most African economies has necessitated continuous policy adjustments on the part of Governments. One noteworthy measure was the widespread upward adjustment of agricultural producer prices, which is bound to have a strong stimulating effect on production. A case in point was the decision of the Cameroon Government to improve farmers' incomes by not requiring them to pay fees to the marketing organization.

22. Currency devaluations have continued, notably in Botswana, Ghana, Uganda, Zaire and Zambia. In Zambia, the devaluation was particularly drastic, with weekly foreign exchange auctions resulting in a *de facto* devaluation of the kwacha by as much as 277 per cent against the dollar during the month of October 1985.

23. Although the kwacha has since been picking up value in terms of the dollar, it is still well below its pre-auction value. But the issue of devaluation is still hotly debated, and some Governments are strongly resisting it. In fact, it is the whole content of the adjustment to be made which is at issue. One interesting development from this point of view has been the decision of the Congolese and Nigerian Governments to apply their own independent adjustment programmes without IMF sponsorship. In the case of the Congo, growth in current expenditure has been cut, with particularly painful measures taken to limit the hitherto quasi-automatic recruitment of graduates by the State and the granting of overseas scholarships.

24. In other cases, unfortunately, Governments have yet to make up their minds as to the precise course of action they wish to follow. For example, the United Republic of Tanzania, which has no agreement with IMF, is being hurt by the insistence of donor countries on an IMF-approved adjustment package. The cost of adjustment is, however, extremely high, as can be seen from the example of Zaire, which has ended up with a net outflow of resources because the expected investment support from donor countries has not materialized. In Nigeria, whose Government has rejected IMF conditionalities outright, an 18-month period of economic emergency has been declared. Public servants' salaries have been reduced by as much as 20 per cent; imports of some commodities such as rice have been banned; the removal of certain subsidies is being considered; and a number of other severe austerity measures are to be introduced in 1986.

25. However, the direction of the adjustment course to be followed by African countries is no longer in doubt with the historic decisions taken by the OAU Heads of State and Government at their Addis Ababa summit of 18-20 July 1985. In their Declaration on the Economic Situation in Africa and in "Africa's Priority Programme for Economic Recovery 1986-1990", the basic issues of Africa's development are addressed in a straightforward manner and the right priorities established so as to lay the ground for the accelerated implementation of the Lagos Plan of Action, which was reaffirmed as being as valid today as ever. As an illustration of their renewed commitment to the rapid recovery of their economies, the heads of State and government have undertaken to raise the share of agriculture in total national public investment to between 20 and 25 per cent by 1989, and have drawn up a Special Programme of Action for the Improvement of the Situation and Rehabilitation of Agriculture in Africa, which includes incentive measures in the form of higher producer prices, and improved input supply and support measures through better infrastructure and a better institutional framework.

26. Overall, the economy of Africa is expected to grow in 1985 by a little over 2 per cent, which is relatively satisfactory when compared to the dismal 0.5 per cent average of the period 1980-1984. But this growth is mostly the result of better weather conditions which boosted agricultural production considerably: Africa's economic crisis is far from being over. And, with the poor prospects indicated by weak external demand and declining investment, major efforts aimed at rehabilitating the African economies and laying the foundations for long-term development are clearly needed if the region is to resume significant growth.

C. PROSPECTS FOR 1986

27. On current trends, results in 1986 are likely to be similar to those for 1985. Several factors are expected to be at work:

(*a*) The weather will in all probability be back to normal, and the recovery of 1985 will be maintained;

(*b*) External demand is expected to remain weak, and this will depress exports and the export-dependent sectors. Developed market economies will not grow significantly faster in 1986 than in 1985 world trade prospects are not favourable after the sharp drop in growth from 8.5 per cent in 1984 to 3.5 per cent in 1985;

(*c*) Restrictive budgetary policies and other adjustment measures, as well as mounting debt obligations, are likely to limit investment resources, though it is expected that Governments will increase investment to a certain extent through limits on public consumption.

28. In this context, the growth rate in the regional product is expected to be maintained at about 2 per cent in 1986.

29. There is a second scenario which is more optimistic. It is based on continuing improvement in both crop and livestock production, especially if the short-term measures contained in the Priority Programme are rapidly and decisively implemented. It also assumes greater sales of mineral products and tropical beverages on international markets. Further assumptions are that manufacturing production will increase further, because of better supply of imported raw materials and spare parts, as well as improved relationships between industry and agriculture, and that efforts to increase the efficiency of public enterprises and public services will continue. A growth rate of 3 per cent can be reached if the above conditions obtain and an improvement in the international environment occurs. Yet even with this favourable outlook, per capita gross domestic product (GDP) will fall about $2 to $659 at 1980 prices.

D. AFRICA'S PRIORITIES FOR ECONOMIC RECOVERY

30. There is no doubt that the prospects for the African economies in 1986, and indeed during the remainder of the present decade, will depend to a great extent on the implementation of measures to rehabilitate them and set them on a firm long-term development course. The OAU Priority Programme clearly sets out requirements for future action, with the focus on:

(*a*) Measures for the accelerated implementation of the Lagos Plan of Action;

(*b*) A special programme for the rehabilitation of agriculture;

(*c*) Measures to tackle the debt problem;

(*d*) A common platform for action.

31. Of particular significance is the high priority given to the agricultural sector, whose relative neglect in the past, together with an unprecedentedly severe and widespread drought, constitute a major cause of the present difficulties. The programme particularly urges better incentives for agricultural producers, increased investment and budget allocations for agriculture, and better research and support services. The programme forcefully restates the goals of co-operation and the ultimate integration of African economies which are a corner-stone of the Lagos Plan of Action.

32. What is particularly important, now that we are entering a crucial period in the development of our continent, is for the Priority Programme to be effectively translated into national programmes and projects, to be implemented without fail, together with policy reforms designed to improve economic performance. These must be supplemented by more effective subregional co-operation, as well as increased international support.

Table I.1. Developing Africa: Economic growth in real terms (Preliminary estimates)

	Gross domestic product in 1985 (Billions of dollars at 1980 prices)	*Growth rates*			
		1984	*1985*	*1986 Low estimate*	*1986 High estimate*
		(Percentage change over previous year)			
Gross domestic product	322.0	1.3	3.2	2.0	3.0
Exports	101.5	7.1	3.6	0.5	3.1
Imports	80.3	-4.0	-2.9	1.6	5.1
Agricultural production	62.9	0.7	3.1	2.2	2.9
Mining production	62.5	6.8	2.6	—	4.1
Manufacturing	27.5	2.5	5.0	3.6	4.8

Source: ECA secretariat.

33. I would like to conclude by making an appeal to individual African Governments, as well as to the international community, for decisive and positive measures which will help put the African economy on the course of rehabilitation and recovery.

1. An appeal to African Governments

34. The return of the rains, which has been a source of tremendous relief, should not serve as an excuse to relax. Africa must resolve never again to be caught in such a humiliating situation as during the past three years, at the mercy of circumstances beyond its control and utterly dependent on external help to feed its people. This means that more than ever before, unremitting efforts should be made to put food and agriculture on a firm footing, and, with particular urgency, to make the technological transition to a less rain-dependent, more productive and more stable agricultural system. In the mean time, African countries should take all possible measures to strengthen their preparedness to cope with further emergencies should they occur. This includes building up national, subregional and regional seed and food security stocks, setting up and sustaining permanent emergency planning machinery, and establishing effective early warning systems.

35. For example, in a drought-prone area like the Sahel, this means that the machinery that has been set up in recent years must not be dismantled, and that the countries of the region must ensure their constant preparedness by monitoring the weather, building up emergency supplies and equipping themselves so as not to be caught unawares when a new drought occurs.

36. Regional and subregional food security is an essential requirement for self-reliance in Africa. There-

fore, the Priority Programme must be translated into deeds - it must not become one more document to be added to our ever-growing archives. Agriculture must receive the resources that it needs, and all policy measures necessary to promote agriculture must be introduced in areas such as prices, inputs, extension programmes, research, credits and the like. The commitment of Governments to raise investment in the food and agriculture sector to 20 - 25 per cent of total public investment must be made a reality immediately, so that long before 1990 this target has been reached and our continent will be close to eradicating hunger.

37. As far as economic management is concerned, research conducted in the ECA secretariat has shown that one of the major problems in Africa is the wastage of foreign exchange resources in a situation of scarcity. It is paradoxical but true that in many African countries, imports are overpriced while exports are underpriced, not to speak of the large foreign exchange leakages through frequent foreign travel, needless reliance on the services of foreign experts and smuggling. There is a need for better management of resources on the African continent to maximize foreign exchange earnings and minimize leakages.

38. There is no more glaring example of the importance of better economic management than in the area of debt. One of the problems connected with external debt in Africa is that many African Governments do not even know with certainty how much they actually owe, and are thus unable to begin to take realistic debt policy measures. It is true that offices to monitor debt are already in place in some countries, but until each country has the services of such an office at its disposal, Governments will continue to be severely limited in their capacity for effective debt management. At the same time, it is of course essential that the new debt management structures should be effectively used by the Governments, which have in the past infringed their own regulations in this respect.

2. An appeal to the international community

39. Faced with the recent African crisis, the international community rose to the occasion and generously donated material, food and financial aid to meet emergency needs. For this, it deserves our grateful thanks. In addition to emergency aid, however, the need for which will hopefully diminish with time, Africa requires development assistance to enable it to transform itself and undergo the necessary medium-term and long-term structural changes. The first year of the five-year Priority Programme is of crucial importance if Africa is to be able to achieve a turn-around and lay the foundations for future growth and development. Now that Africa has shown its determination to make the changes required to rehabilitate its economy, and has actually embarked on introducing such changes, the international community should respond and expand its development assistance. This is the only way that the continent can be genuinely helped to stand on its own feet and not be a perpetual ward of external donors.

40. Africa looks forward with great hope to the response of the international community during the forthcoming special session of the United Nations General Assembly on the critical economic situation in Africa, now scheduled to be held in May 1986. Preparatory arrangements for the special session have already begun in earnest. It is essential that thorough preparations should be made for the session, and that the international community should show its solidarity with Africa by participating not only at a very high level but also in a positive spirit. It is within the capacity of the international community to assist African countries to turn their present desperate economic situation into one of hope and dynamism, and thereby move Africa from despair to development.

II. THE INTERNATIONAL ECONOMIC SITUATION

A. SLOW-DOWN IN THE WORLD RECOVERY

41. After a sharp rebound in 1984, when the United States economy provided a strong stimulus to other regions of the world, there was a significant reduction in the pace of world recovery in 1985. According to United Nations Secretariat estimates made in April 1985, world output was expected to grow by only 3.6 per cent compared to 4.6 per cent in 1984. Recent estimates have revised those figures downwards: IMF, for example, estimated world output growth in 1985 at 3.1 per cent in October, compared to an estimate of 3.4 per cent in April. The United Nations Secretariat subsequently revised its April estimate downwards to 3.3 per cent (growth rates for various regions and groups of countries are shown in table II.1).

Table II.1. Real growth in output and imports, 1984 – 1986 (Percentage change over previous year)

	1984	*1985*	*1986*
Developed market economies	4.6	3.2	2.5
All OECD countries	4.9	3.2	2.7
United States	6.8	3.5	2.5
Developing countries	2.9	3.3	3.6
Africa	1.3	3.2	3.0
Latin America	1.2	2.5	3.5
South and East Asia	5.2	5.0	5.5
Western Asia	1.2	2.5	2.5
World imports	9.0	6.0	4.5

Sources: *World Economic Survey 1985* (United Nations publication, Sales No. E.85.II.C.1); *OECD Economic Outlook*, No. 37 (June 1985); ECA secretariat.

42. The deceleration of growth which has occurred in the United States since the middle of 1984 played a major role in the slower growth of the world economy in 1985, but developments in other industrialized countries and elsewhere were important as well. In the United States, while there has been a reduction in domestic demand, the main determinant of reduced growth has been the adverse external balance: on the basis of the first 10 months of 1985, the United States trade deficit can be estimated at $156.5 billion, with the deficit in goods and services being estimated at 3.3 per cent of GDP in the third quarter. Other members of the Organisation for Economic Co-operation and Development (OECD) either failed to improve their performance, or slipped slightly relative to 1984. Japan is an example of the latter case, while in Europe growth remained roughly at the 1984 level. On the other hand, the economy of the Federal Republic of Germany is likely to have grown by 2.25 per cent in 1985, with a comfortable trade surplus, while growth in the United Kingdom is expected to reach the 3 per cent mark.

43. If growth is decelerating in industrialized countries, inflation remains low and declining. In September 1985, the rate had fallen to 3.8 per cent for all industrialized countries, compared to 4.8 per cent in 1984 and 5 per cent in 1983. But apart from the United States, there has been no gain as far as unemployment is concerned. In the United States the rate of unemployment has fallen only slightly, while in Europe it went up again, giving a level of around 8 per cent for OECD as a whole.

44. In developing countries, growth in production in 1985 was below expectations. Whereas the United Nations forecast a growth rate of 3.5 per cent in the *World Economic Survey* of April 1985, the forecast was revised to 2.6 per cent in October (while the IMF forecast was cut by half a percentage point to 3.5 per cent). The lower forecast was due mainly to a less buoyant performance by South and East Asian countries, which registered much less favourable exports, while Latin American countries were hit by both weaker export demand and heightened debt pressures. Overall developing countries faced weak export demand reflected in a rapid fall in the prices of primary commodities, which in October 1985 stood 15 per cent below their 1984 level in dollar terms. This fall was compounded by the fall in the dollar from the unprecedented level it reached in the first quarter of 1985.

B. TRADE AND FINANCE

45. The evolution of international trade has reflected the weakness of world output growth: at the beginning of the year import volume was forecast by the United Nations Secretariat to grow by 6 per cent, already down on the 9 per cent recorded in 1984; the forecast was later revised to only 4.5 per cent, with IMF revising its forecast of world trade growth to 3.9 per cent in October from 5.5 per cent in April. Oil prices, which were weak at the beginning of the year, firmed by the last quarter in response to stock-building, but fell back when OPEC members decided to shift their policy in favour of defending their market share. Since prices of manufactured goods fell less than prices of primary commodities, the terms of trade of developing countries are expected to have worsened further in 1985.

46. The real export receipts of developing countries are expected to grow only marginally in 1985, in contrast to the strong gains of 1984, while their imports will fall slightly because of lower foreign exchange earnings and, for many countries, the pressure of debt repayments on their balance of payments. This has led many countries to adopt import reduction policies, with

the result that the current account position of developing countries as a whole is showing a slight improvement.

47. Thus there has been an easing of the financial situation of developing countries as a whole, but at the same time some of the major debtors have faced worsening difficulties, this being particularly the case in Africa. Debt service is higher for the so-called capital-importing developing countries, whose debt service ratio is likely to reach 25.5 per cent in 1985. On the other hand, the recent period has seen both a continuing reduction in capital inflows towards developing countries, particularly in the form of private bank loans, and also a growing reluctance on the part of developing countries to incur new debt - and even a desire to reduce their total debt. This may be seen in the reduced recourse to World Bank and IMF credits. The use made by developing countries of IMF credits, which had risen by 16.8 per cent in 1984, was up by only 1.1 per cent in the first 10 months of 1985. For capital-importing countries, net external borrowing in 1985 is forecast to total $27.6 billion compared to $47.8 billion in 1984.

48. Developing countries have continued to press on with sometimes extremely severe adjustment programmes, reducing new debt, raising debt repayment flows and cutting output growth. In some countries, debt repayments have risen to such a level as to result in a net outflow of resources.

C. DEVELOPMENT ISSUES AT THE INTERNATIONAL LEVEL

49. The difficulties facing developing countries in repaying their debts were the focus of recent international debates at the 1985 annual meeting of IMF and the World Bank. A major concern was that the adjustment process was placing too much emphasis on financial aspects, and that it was time to adopt a more growth-oriented supply-side approach. In view of the worrying reduction in private bank lending to developing countries, and the expected bunching of debt obligations, the United States Secretary of the Treasury proposed increased lending to major debtors, conditional on the adoption of requisite policies.

50. Another important issue has been growing protectionism, which is threatening to prevent countries engaged in painful structural adjustment from growing their way out of their problems, since they can repay their debts only through increased exports. Protectionism is also a cause of considerable economic welfare losses.

51. A positive outcome of international negotiations was the establishment of the World Bank's Special Facility for Sub-Saharan Africa, which became effective on 1 July 1985, with expected contributions of over $1.2 billion. In another setting, the third Lome Convention, linking the European Economic Community (EEC) and 64 African, Caribbean and Pacific (ACP) countries, entered into force. The total value of the measures provided for in the new Convention is 8.5 billion European currency units ($5.7 billion at February 1985 rates) for the period 1985-1990, a 10 per cent increase in real terms on the previous Convention, including ECU 7.4 billion ($4.96 billion) earmarked for grants, low-interest loans and risk capital. There are special provisions to encourage transfers of private capital, while 99 per cent of the exports of the ACP countries will be admitted into EEC markets free of customs duties.

52. Another important international meeting was held in New York in September by the five major industrial countries to discuss the co-ordination of their economic policies. A major result was the decision to manage the fall of the dollar to an acceptable level. Following the meeting, the dollar declined sharply in all major financial markets, and by December had lost up to 10 per cent of its value compared to 1984.

D. AFRICA'S CRISIS AND THE INTERNATIONAL COMMUNITY

53. The severe drought which affected 27 African countries in 1983-1984 prompted an impressive response by the international community. According to FAO, food aid deliveries to 21 countries classified as having suffered abnormal food shortages in 1984/85 had reached more than 5 million tons by October 1985. Considerable relief efforts were mobilized involving not only international and national organizations but also private organizations in major industrial countries. The contribution of private organizations and individuals was particularly striking in the United States, the source of the greatest share of the relief aid to Africa: out of a total of more than $1.2 billion contributed in various forms, private and voluntary organizations and individuals raised more than $200 million for famine victims.

54. The dimensions of the international community's effort were particularly evident in Ethiopia, one of the worst-affected countries. Between December 1984 and August 1985, the international community pledged more than 1.2 million tons of food aid for Ethiopia. More than a million tons of grain alone were pledged, 763,100 tons of which had been delivered by the end of August 1985. In addition to food aid, transport equipment with spare parts, medical support, clothing, agricultural machinery and construction equipment were supplied, as well as cash. In the period December 1984-November 1985, aid contributed to Ethiopia is estimated at more than $1 billion, a sum equivalent to

20 per cent of the total GDP of Ethiopia for 1985. The population fed by the relief effort to Ethiopia is estimated at around 8 million.

55. Important as this effort has been, the need for relief assistance is still felt for 1986, during which it is estimated that more than 3 million tons of food aid will be required. But, as the United Nations Conference on the Emergency Situation in Africa recognized, the continent's problems are not limited to the emergency created by the drought: they are more deep-seated, and tackling them will require long-term aid. Now that the drought is receding, the African region is in acute need of help not only to rehabilitate its agricultural sector, but to make the long-term structural changes which would prevent future famine crises.

E. PROSPECTS FOR 1986

56. At the end of 1985 prospects for 1986 appeared markedly less buoyant than they were a year before. As already noted, forecasts for 1985 have recently been scaled down, but this has been the case for 1986 as well. However, prospects remain for a continued recovery in the world economy, albeit at a slower pace than previously expected. Many factors suggest a continuation of the recovery: inflation remains low in industrialized countries and is still declining; labour costs have started to rise again, but the outlook for the profitability of investments is good. Interest rates are declining, offering an additional incentive for investment. Another important factor is the renewed downward pressure on oil prices. Given the very heavy burden of energy imports, especially for non-oil-exporting developing countries, lower oil prices may increase growth by perhaps half a percentage point. However, the recent glut on world markets and the consequent fall in commodity prices is a negative factor for developing countries. Also negative in effect is the continuing high debt repayment burden, which in some cases is sharply reducing the resources available for investment. Protectionism in industrialized countries is another factor to be taken into account, particularly for Latin American and South and East Asian countries, which either have enjoyed export-led growth or must export to repay their debts.

57. There are, however, certain views concerning the positive effects to be expected from the fall in primary commodity prices, since it will provide more scope for industrialized countries to increase their aid to the developing world. There are also undoubted benefits to be gained from the current adjustment process, which is resulting in an environment more supportive of growth, through better price structures, more realistic exchange rates, more freedom to invest for individuals and private firms, and more efficiency in government apparatuses and public bodies. The advantages stemming from greater reliance on individual initiative and incentives for producers may be seen clearly in China: since the introduction of new economic policies which have given considerable freedom of operation to family-managed production units in the countryside, China has experienced exceptional growth. In 1985 the growth rate of the Chinese economy may have reached 7 per cent after an average of 8.5 per cent in 1981-1984, at a time when most other developing countries have been experiencing considerable difficulties. Indeed, growth in China has become so rapid that measures have been taken to dampen the economy to avoid putting too much strain on resources and creating balance-of-payments tensions.

58. The United Nations Secretariat expects the developed market economies to grow by a modest 2.5 per cent in 1986. IMF, more optimistic in its October outlook, expects the industrialized economies to grow by 3.1 per cent in 1986 compared to 2.8 per cent in 1985. According to the latest information available, the United States may grow by around 2.75 per cent, down from 3.5 per cent in 1985, but this projection may prove too low in view of the strength shown in the third quarter of 1985 and the measures taken to curb the budget deficit. For OECD countries as a whole there will be a deterioration from 3.25 per cent in 1985 to only 2.75 per cent because of the expected slower growth in the United States. There seems to be no prospect of a significant improvement in the employment situation: unemployment is likely to increase slightly in the European members of OECD.

59. The developing countries are expected to grow slightly faster in 1986 than in 1985: in April 1985 the United Nations expected them to reach 3.6 per cent from 3.5 per cent in 1985, while the revised IMF projections of October indicate growth of 4.1 per cent compared to 3.5 per cent in 1985. The countries of Asia are expected to have the best results, particularly in South and East Asia, and among them such rapidly industrializing countries as Hong Kong, Malaysia, the Republic of Korea, Singapore and Taiwan. Latin America's growth rate is also expected to pick up, from 2.5 per cent in 1985 to 3.5 per cent. The African region is not expected to improve its performance in 1985, growth remaining around 3 per cent. The weakness in demand for primary commodities will affect both oil exporters and non-oil exporters, with the latter expected to suffer most. World trade will grow at a significantly slower pace than in both 1984 and 1985. The United Nations Secretariat estimated in April that import volumes would grow by only 4.5 per cent in 1986, a figure close to the IMF projection of October 1985, although according to the later IMF projection world trade will improve in 1986 because of higher export volumes.

60. No major changes are projected in the financial situation in 1986, with the current account balances remaining roughly at the 1985 level. IMF projects some improvement for developing countries as a whole, but while the current account position of non-fuel exporters will improve, fuel exporters will find their position worsening. IMF also foresees an improvement for countries with debt-servicing problems. The level of debt repayments will not, however, decrease significantly: interest payments will stand around $84.5 billion, or 11.6 per cent of total exports of goods and services, only slightly lower than the forecast for 1985. For the capital-importing developing countries, IMF is projecting an easing of foreign debt problems: both total debt and debt service will fall in relation to exports of goods and services in 1986, and a start will be made on a process which will bring down debt service to the equivalent of under 22 per cent of exports of goods and services by the end of the decade.

61. Recent events could significantly change the picture in 1986 - for example, the decision taken by OPEC in December to defend its market share. But there remains an urgent need to address the problems of the world economy by increasing capital flows to developing countries, dismantling protectionist barriers and adopting less inefficient and more growth-oriented domestic policies.

III. OVERALL TRENDS IN DEVELOPING AFRICA

A. OUTPUT AND DEMAND, 1984-1985

1. The drought year, 1984

62. During 1984, drought spread throughout Africa, from the Sahel through the Horn of Africa, to Eastern and southern Africa. It was the most widespread drought in the recorded history of the region, surpassing that of 1982-1983 in terms of the area and the numbers of people affected. At one point, there was a belt of drought stretching through Africa, encompassing some 27 countries and nearly 200 million people. The crisis triggered a considerable international rescue effort which prevented massive losses of life: it is estimated that some 3 million lives were saved by the relief operations. However, despite the dimensions of the drought crisis, there was still some growth in regional output. Whereas the 1983-1984 Survey estimated output growth in 1984 at -0.1 per cent, revised estimates indicate actual growth of 1.2 per cent. This figure is still a very disappointing one, since it means that output per head fell in 1984 by 1.8 per cent.

63. The higher growth than expected is due in part to the performance of the agricultural sector, which actually grew in aggregate terms in 1984 despite the drought. In terms of its contribution to GDP, agriculture grew by 0.4 per cent in 1984 after a fall of 3 per cent in 1983; the FAO index of gross agricultural production indicated growth of 2.6 per cent in 1984 after a fall of 3.4 per cent in 1983. Of course, these trends are valid only at the regional level, and reflect the small weight of the drought-affected countries in the regional total. For 1984 the output of the 21 countries classified by FAO as having experienced abnormal food shortages in 1984 represented only a quarter of total regional output. The better than expected performance of agriculture was also due to the differences in the drought cycle among subregions: the Sahel and the Horn of Africa were worst-hit during the 1984/85 season, when the drought was on the wane in southern Africa, and had already ended in the coastal countries of West Africa.

64. The relatively satisfactory performance of the mining sector was another factor in the growth of output: against growth of only 0.4 per cent in 1983, mining grew by a substantial 6.0 per cent in 1984. This was due to a strong rise of 12.5 per cent in oil production in Nigeria, as well as rises in non-OPEC oil producers like Cameroon, the Congo and Egypt.

65. The growth of output in 1984 is further confirmed by figures obtained for 33 countries surveyed by ECA staff during 1985: for these countries, whose combined GDP represents 91 per cent of the regional total, growth rose to 1.1 per cent in 1984 from -0.5 per cent in 1983.

66. The regional figures conceal strong disparities among subregions and countries. While Central and North Africa recorded relatively good performances, growing by 4.1 and 3.8 per cent respectively, output rose in Eastern and southern Africa by only 0.1 per cent and fell in West Africa by 2.6 per cent. In West Africa, the Sahel region recorded a considerable 5.7 per cent fall in output due to the impact of the drought, while in Eastern and southern Africa, Ethiopia, Mozambique and the Sudan felt the full impact of the drought; GDP growth reached 1.3 per cent in the seven countries of southern Africa. In sub-Saharan Africa output fell by 0.7 per cent in 1984.

67. With higher oil production, oil-exporting countries recovered in 1984, their output increasing by 1.7 per cent after stagnation in 1983. In contrast, the non-oil-exporting countries remained in the doldrums, their output growing by a bare 0.2 per cent. Among them the least developed countries experienced a decline in output of 1.2 per cent, while the remainder recorded a meagre 1.1 per cent gain.

2. A weak recovery in 1985

68. In 1985, the onset of rains in most parts of the continent signalled the end of the 1983-1984 drought. According to FAO data and other information, cereal production for developing Africa is estimated at 70 million tons, 24.9 per cent more than in 1984. In national accounts terms, it is estimated that the agricultural sector grew by 3.2 per cent in 1985, compared to 0.4 per cent in 1984. However, at the same time as agriculture recovered, the region's economy was hit by the adverse effects of weak demand, both domestic and external. Growth in mining output fell to 1.4 per cent as world demand for oil remained practically flat, with prices in continuous decline, while demand for other minerals was disappointing. Other commodity-producing sectors made only small gains, and overall regional growth in 1985 is estimated at only 2.8 per cent, close to the 1983-1984 Survey projection of 3 per cent.

69. The best-performing subregion was North Africa, where GDP growth appeared fairly stable at 3.1 per cent, after 3.8 per cent in 1984. There was a substantial drop in Central Africa's growth to 2.3 per cent compared with 4.1 per cent in 1984. Eastern and southern Africa and West Africa both recovered, at 1.8 per

cent and 2.9 per cent respectively. In the Sahel, growth is estimated at 7.6 per cent, because of the strong recovery in agricultural production following good rains: FAO sets the 1985 cereal crop there at 6.1 million tons compared to only 3.9 million tons in 1984. Sub-Saharan Africa grew by only 2.1 per cent, resulting in a further slide in income per head, which now stands 16.7 per cent below the 1980 level, in sharp contrast to North Africa, where income per head grew again in 1985, though the 1980 level has not been regained.

70. Despite the lower growth in oil production and exports in 1985, oil-exporting countries recorded an output gain of 3.1 per cent, compared to 1.7 per cent in 1984. In the non-oil-exporting countries, output rose by 2.2 per cent, with a relatively high 2.7 per cent in those outside the least developed category.

71. Overall, while there was a recovery in economic activity in 1985, it was not strong enough to make up the ground lost in 1983 and 1984.

3. Domestic demand trends

72. Domestic demand remained weak in both 1984 and 1985, though it recovered slightly in 1985, growing by an estimated 0.9 per cent, after falling by 1.3 per cent in 1984. The main factors in the poor showing were the behaviour of government consumption and the slump in capital formation, both largely determined by policy decisions. Since the beginning of the decade, government consumption has been either growing slowly or falling, as governments increasingly introduce expenditure control policies. This has been most evident in the big oil exporters like the Libyan Arab Jamahiriya and Nigeria, where public expenditure has undergone drastic retrenchment. In Nigeria, the 1985 budget cut current expenditure by 11.5 per cent compared with 1984, while restricting overall budgetary expenditure to the 1983 level. In other cases, Governments engaged in adjustment programmes with IMF and/or World Bank sponsorship have in most cases been obliged either to cut down on expenditure, or at least to reduce the growth rate in expenditure sharply in relation to growth in GDP.

73. Investment has also registered the effect of restrictive government policies, and has been in decline in the region since 1982. Among OPEC members, which account for the largest share of investment in developing Africa, gross fixed capital formation, which was estimated at $43.1 billion in 1980, fell by 23 per cent to $33 billion in 1985. Non-members of OPEC, however, have more or less maintained the level of investment, though they have been unable to raise its share in GDP, which stood at 18.3 per cent in 1985, compared to 20.4 per cent in 1980. In addition, with the fall in investment among non-oil-exporting countries, the stability of investment among non-OPEC countries is mostly attributable to non-OPEC oil exporters, which include Angola, Cameroon, the Congo and Egypt. Yet investment has been sharply declining in the Congo since 1983, and it is only Cameroon and Egypt that have been increasing their investment in a consistent manner among non-OPEC countries.

74. The decline in investment in the African region stems from the reaction of oil exporters to the fall in their revenues as the oil market shifted to a situation of over-supply, while other Governments have tended to cut down on investment expenditure, as this kind of measure is less politically sensitive than tackling other deficit-creating items like subsidies, the pay and/or numbers of civil servants, and losses by public enterprises.

75. Another element to be taken into account is imports, which fell steadily both in volume and value over the 1983-1984 period. With consumption declining or in any event increasing less than GDP, domestic savings have been increasing, to reach 26.2 per cent of GDP in 1985, up from 25.5 per cent in 1984 and 23.8 per cent in 1983. However, this high level of saving is not very representative of the majority of African countries, which have much lower saving ratios. Among non-oil exporters, the saving ratio fell to 14.4 per cent in 1985, compared to a considerable 32.8 per cent for the oil-exporting countries. In the Sahel the rate of saving is estimated at only 3.2 per cent in 1985, compared to 5.4 per cent in 1980 and -3.8 per cent in 1984. Savings are thus generated for the most part among the small group of oil exporters which account for 64.4 per cent of total regional output. The higher regional saving ratio which is associated with lower investment volume may be an indication of a net transfer of resources, but this is debatable, as calculations vary with the base year chosen, and include no corrections for terms-of-trade changes.

Table III.1. Developing Africa: output and demand, 1983 – 1985 (Billions of dollars at 1980 prices)

	1983	*1984*	*1985*
Gross domestic product	306.6	310.2	318.8
Imports of goods and services	90.9	86.4	85.1
Exports of goods and services	93.7	96.9	101.5
Domestic demand	303.6	299.7	302.3
Public consumption	47.3	47.4	47.8
Private consumption	186.2	183.8	187.5
Fixed capital formation	67.1	66.2	64.3
Change in stocks	3.0	2.3	2.7

Source: ECA secretariat.

4. The external balance

76. There was a consistent net surplus on external account between 1983 and 1985, as a result of a continuous fall in imports of goods and services, which

dropped by 8.0, 5.0 and 1.5 per cent respectively in 1983, 1984 and 1985, while exports of goods and services grew by 3.5 per cent in 1983, 3.4 per cent in 1984 and 4.8 per cent in 1985.

77. The downward trend in imports of goods and services at constant 1980 prices is the consequence of various factors analysed above, associated with policy factors for the most part, particularly in large oil exporters like the Libyan Arab Jamahiriya and Nigeria.

78. OPEC members accounted for 43.9 per cent of total imports of goods and services in 1985. While their imports have fallen by 12.4 per cent since 1983, for non-members of OPEC the fall has been only 1.8 per cent. Merchandise imports have declined alongside imports of goods and services, falling in current values from $71.1 billion in 1983 to only $61 billion in 1985. Meanwhile, exports of goods and services have continued to grow, and the role of the large oil exporters belonging to OPEC has been decisive, as crude oil has come to represent the largest component of African exports. While exports of goods and services have grown in constant terms, merchandise exports have behaved erratically, growing by 4.5 per cent in value in 1984 because countries like Nigeria were exceeding their OPEC production quotas, then falling back in 1985 to the 1983 level.

79. The fact that GDP has either grown weakly or fallen marginally, while imports of goods and services have fallen rapidly since 1982, points to a significant modification in the relationship between GDP growth and import growth. Shortages of imported inputs have been widespread in the period under review, particularly in manufacturing industry, but there may have been a process of adaptation to a lesser volume of imports.

Table III.2. Developing Africa: Trade, international reserves, money supply and inflation, 1983-1985 (Billions of dollars)

	1983	*1984*	*1985*
Imports	71.1	66.2	61.0
Exports	55.5	58.0	55.5
Reserves	12.7	11.3	12.7
Money supply	58.8	59.7	54.2
Inflation (percentage change over previous year)	18.4	20.1	13.9

Source: International Financial Statistics, vol. XXXVIII, No. 12 (December 1985).

80. In constant 1980 prices, there has been a growing surplus in goods and services, estimated at 5.1 per cent of GDP in 1985. Merchandise data at current prices point to a trade deficit declining from $15.6 billion in 1983 to $5.5 billion in 1985, indicating that - contrary to what statistics at 1980 prices show - the region is still benefiting from a net inflow of external resources, though at a reduced rate.

81. Tables III.1 and III.2 show data on output and demand, trade, international reserves, money supply and inflation (taking 1980 as the base year) for the years 1983-1985. Table III.3 provides ECA secretariat estimates of GDP growth rates for various subregional and other groups of countries in the years 1983 to 1986.

B. COUNTRY EXPERIENCE

Algeria

82. Algeria remains one of the very few African countries which are maintaining substantial growth together with a sustainable external position. Though oil production is the mainstay of the economy, Algeria has not only been able to diversify its hydrocarbon sector into gas production, but its policy of ploughing back its oil revenues into the development of its industrial sector has begun to pay off. In 1984 output grew by 5.5 per cent, and in 1985 by an estimated 3.6 per cent, an excellent performance in view of the situation of the oil market and the problems encountered on the gas market.

83. A notable development in 1984 and 1985 was a policy shift towards the reorganization and rationalization of the State sector, and greater emphasis on private consumption and the satisfaction of the social needs of the country. This led to a reduction in the extremely high level of investment, which nevertheless remained at a considerable 42.2 per cent of GDP in 1985. One factor which led to the policy changes was the very high cost and relative inefficiency of past investment. It seems that in future priority is to be given to increasing the productivity of the existing production structure, instead of continuing to add to it.

84. The new 1985-1989 development plan aims at maintaining the growth of the economy and the high level of investment, while shifting emphasis to agriculture, better efficiency in the implementation of investment projects, and meeting social needs. More scope is to be allowed to private initiative, in order to provide a better balance between the responsibilities of the State and the citizenry. The plan stresses the difficult conditions facing the economy in 1985-1989, both internally and externally. Internally the rapidly growing population (3.2 per cent a year) is exerting strong pressure on resources, particularly in employment. Meanwhile the buyer's market in oil has created uncertainties as to future export revenues, 90 per cent of which come from oil.

Congo

85. After enjoying phenomenal growth for a short period in 1978-1982 as a result of the sharp rise in oil production and exports, the Congo has encountered serious financial difficulties because of a bunching of debt repayment obligations, a loss-making public sector and reduced growth in oil exports.

86. The level of investment was very high during the oil boom and for the first two years of the 1982-1986 plan. But the investment made was for the most part in infrastructure, particularly to open up the north of the country and to finance major repairs and renewal work on the Congo-Ocean railway. Important as it may be, such investment is only slowly producing a return, and in the mean time, the fact that the country's debt includes a large short-term element has led to rapid growth in debt service. Budget figures indicate an increase in debt service from 66 billion CFA francs in 1982 to CFAF 122.7 billion in 1984, equivalent to 37 per cent of government revenue and 23.8 per cent of exports of goods and services. At the same time, the public sector, which plays a dominant role in the economy, has a reported deficit of more than CFAF 40 billion.

87. In 1984, the rise in the dollar and the continuing increase in oil production cushioned the economy somewhat from negative influences, but GDP may nevertheless have fallen by around 7 per cent after growing by 13.1 per cent in 1983. In 1985, technical problems constrained oil production and compounded the country's difficulties, and GDP is estimated to have fallen by 6.6 per cent.

88. In order to restore equilibrium, the Government has introduced a structural adjustment programme which includes measures to curb investment and alleviate the debt problem. Starting in 1985, ordinary expenditure was cut sharply, further recruitment in the civil service strictly limited and the hitherto automatic granting of scholarships to secondary school-leavers ended. Debt service, which had initially been estimated at CFAF 112 billion, was raised to CFAF 176.8 billion, necessitating a rise in total budget expenditure. As regards investment, while the Govenment has maintained its commitment to build essential infrastructure, the number of new investment projects has been cut down, though cost overruns in continuing projects are a major problem. Easing debt problems through rescheduling appears to be difficult to achieve, since an IMF-approved package may include measures of a highly destabilizing nature in the country's present circumstances.

89. It is likely that the economy will improve in 1986 with new oil discoveries, but the prospects for long-term growth remain cloudy as long as the debt problem is not solved and further adjustment is not undertaken.

Côte d'Ivoire

90. During 1984 the economic situation in Côte d'Ivoire started to improve despite drought at the beginning of the year, which badly affected crops and electricity supplies, and despite a sharp reduction in domestic demand resulting from the stabilization programme. After steady growth throughout the 1960s and 1970s, the country entered into serious crisis when declining receipts from its traditional coffee and cocoa exports coincided with external debt service obligations amounting to over 30 per cent of exports of goods and services. In addition, the hopes pinned on petroleum production proved misplaced: production in 1984 amounted to only 1.2 million tons, enough to meet the country's oil requirements but insufficient to generate external revenue commensurate with the country's needs. In that same year the national debt reached CFAF 2,167 billion, or 74.1 per cent of GDP, and debt service amounted to 28 per cent of exports of goods and services.

91. In order to remedy the situation the Government applied a strict adjustment programme, which included reductions in public investment expenditure to limit debt creation, the reduction of current expenditure and the streamlining of the public sector. Measures were taken to reduce the pay of employees of public enterprises, while a number of such enterprises were privatized or closed. In the public service the level of expenditure was reduced by clipping various privileges such as free or subsidized accommodation, while a sharp reduction was made in the level of scholarships. At the same time as this programme was being implemented, the Government entered into debt-rescheduling negotiations which resulted in a reduction in the debt service burden.

92. All these efforts led to an improvement in the economy in 1984: GDP grew by 1.2 per cent, and the current account and budget deficits were significantly reduced.

93. In 1985 the return of good weather boosted the economy: agricultural production rose sharply, resulting in a strong increase of nearly 14 per cent in exports; the trade surplus rose to around CFAF 519 billion. Although the adjustment programme depressed some sectors such as construction because of the reduction in public investment, it is helping to slow down imports and thus improve the external balance. The closure of some unprofitable ventures, including some sugar plants built in recent years at high cost, has further strengthened the financial situation. A growth rate of nearly 4 per cent is estimated for 1985, an excellent result following the decline and stagnation of the recent past, and, equally importantly, the financial indicators have considerably improved: the budget deficit has fallen to below 10 per cent of GDP, and the current

deficit is estimated at less than CFAF 100 billion (around 3 per cent of GDP). The return to financial equilibrium now seems to be assured, and the country is poised to resume strong growth, though the immediate prospects for 1986 remain very modest.

Egypt

94. In recent years Egypt's economy has been sustained by oil revenues, remittances from Egyptian workers in the oil-producing countries of the Persian Gulf, receipts from services associated with the Suez Canal, tourism and substantial aid from industrial countries, notably the United States. But with the drop in remittances from the Gulf, where the number of Egyptian workers has fallen, and the reduced level of income from services, the balance-of-payments gap has considerably widened. At the root of the problem are the considerable import requirements of a country with a rapidly growing population and a limited agricultural resource base. Moreover, food subsidies, which serve as an incentive for higher food consumption, are cutting into the resources available for investment. Egypt has become one of the world's leading food importers, importing 8.6 million tons of cereals in 1984 alone. At the same time subsidized petroleum prices have led to a high level of internal consumption of petroleum products - around 50 per cent of crude oil production. In the fiscal year 1984/85 the current account deficit amounted to 46.7 per cent of the value of exports.

95. An additional problem is external debt, which has been estimated at as much as $32 billion; in the budget for 1985/86 it is expected that debt service obligations will account for some 19 per cent of tax revenues.

96. Planned overall GDP growth in constant terms falls in the 7-8 per cent range, equivalent to a doubling of output in 10 years. However, agriculture is growing by only 1.3 per cent a year, well below the rate of population growth, and the growth of industrial output is apparently around 2 per cent in volume terms. The only dynamic sector is oil production, but even here growth has faltered of late because of the depressed state of external demand. In short, therefore at the very least there has been a substantial fall in the growth of output in recent years, which would explain the growing resource gap.

97. In preparing the 1985/86 budget, the Government took steps to reduce budget deficits by lessening the burden of subsidies, though this remains a highly sensitive issue. Measures have also been taken within the framework of the five-year development plan for 1981/82-1986/87 to enhance the productive base of the economy, mainly in agriculture and industry. Other reforms concern the multiple exchange rate system.

Ethiopia

98. Ethiopia was one of the countries most affected by the 1983-1984 drought. Cereal crop production declined in 1983/84 to 5.5 million tons from 6 million tons in 1982/83, then fell to only 3.5 million tons in 1984/85. As a result the food deficit increased considerably, with available food falling to as little as 1,000 calories per head in the latter part of 1984 and early 1985. The population affected by the drought was estimated at nearly 8 million, compared to 3 million in the previous (1972-1978) drought, during which 200,000 people are thought to have died. This time, even though a massive international relief effort which started in late 1984 avoided widespread loss of life, the number of victims of hunger must be measured in the hundreds of thousands. The relief operations, which have been exceptional in terms of their dimensions, are currently providing food to some 8 million people, a fifth of the total estimated population of the country.

99. In a country in which agriculture provides more than 40 per cent of output, the drought has had a critical impact on the economy. After falling by 3.7 per cent in 1983/84, GDP fell by a further 6.5 per cent in 1984/85. Compounding this was the fact that coffee, the main export, was equally badly hit by the drought, with production falling from 1.65 million bags to 1.5 million bags. Total exports declined in 1984/85 by as much as 20 per cent. The balance of payments improved, but this was entirely due to the drop in imports, and not to any basic improvement in the foreign position: in 1984/85 reserves were equivalent to less than two months' imports, and imports had fallen to the lowest level in a decade.

100. A predominantly agricultural country with few exportable resources, a very low level of domestic saving (3 per cent of GDP) and very low productivity in agriculture, Ethiopia has poor growth potential and cannot be expected to keep much ahead of population growth unless technical change spreads quickly in its agriculture and obstacles such as the transport constraint are removed.

Kenya

101. Like many other countries in Eastern Africa, Kenya was affected by drought in 1984. The big rains of March and April failed, and cereal production plunged by as much as 40 per cent on average: output of maize, the basic food, fell by 35 per cent from 24.2 million bags in 1983/84 to 15.8 million bags in 1984/85. Drought also affected tea production, which fell by 2.5 per cent in 1984. The livestock sector was also hit because of the lack of adequate pasture, and dairy production declined. To avert serious hunger, the Government had to import large quantities of food to make up

the food deficit, and the value of drought-related imports, including food assistance, is estimated at K£ 171 million (around $200 million).

102. The impact of the drought was short-lived, however, as the small rains in the last quarter of the year were better than expected. Moreover, prices for Kenyan exports were good, and farmers' incomes rose substantially, particularly for tea farmers, who earned more than double the 1984 figure. Policy measures taken by the Government to liberalize imports and reduce interest rates provided strong support to the economy, and manufacturing grew by 4 per cent, faster than in 1983. Overall GDP actually grew by a modest 0.9 per cent in 1984.

103. In 1985, economic performance seems to have been worse than in 1984 despite the end of the drought, as a result of lower export revenues: rapidly declining commodity prices caused a sharp drop in the volume of exports. The growth rate for manufacturing also dropped substantially, while the reduction in public investment hit the construction industry.

104. Government policies have been mainly oriented towards restoring equilibrium in the economy, which was affected by rapidly growing budget deficits, rising inflation and falling external reserves. A medium-term adjustment programme has been blown off course by the drought because of the unexpected relief expenditure, and it is expected that the budget deficit will again grow as a consequence. But fiscal and monetary controls remain in place and have succeeded in bringing down inflation.

105. Nevertheless, in order to finance its current account deficit the country remains extremely dependent on external support. Moreover, its exports are still too narrowly based on beverages like tea and coffee which are subject to large fluctuations on world markets, though Kenya has made considerable strides in gaining a large share of the tea market.

Mali

106. Mali was severely hit by drought in 1983-1984, further complicating a prolonged adjustment effort to redress the serious imbalances inherited from the immediate post-independence period. The cereal crop fell by 14.1 per cent from 1,017,000 tons in 1983 to 874,000 tons in 1984. But with commercial agriculture performing better and livestock recovering from the losses suffered in 1983, agricultural output declined by only 1.4 per cent, compared to 7.7 per cent in 1983. Industry benefited from good cotton crops and from improvements in textile industries, but the growth rate was markedly down on the year 1983. Overall GDP grew by a mere 1.4 per cent. On the demand side, while private consumption fell by 1.6 per cent, capital formation declined by a large 4.7 per cent. The rate of saving reached only 8.1 per cent of GDP at current prices, leaving a resource gap of 15.4 per cent of GDP. The current account deficit did not change materially from the previous two years, at roughly 8 per cent of GDP.

107. The economic situation did not alter significantly in 1985, with GDP growing by only 2 per cent in real terms, because agricultural performance remained poor though normal weather was reported. What is more significant is the implementation of the adjustment programme drawn up with the assistance of IMF. Under this programme Mali has gradually eliminated controls on the marketing of agricultural products, raised the producer prices of agricultural goods, and started to eliminate subsidies and reform the public sector. State companies set up during the 1960s have proved unable to fulfil their original function of promoting industrialization; instead they have become heavy burdens on the economy, with large deficits and bloated payrolls.

108. However, the reform drive has been encountering considerable resistance, and it is only recently that the Government has been able to make progress through voluntary retirements and the strict control of recruitment in the public service. A privatization programme has been set up to be implemented in the next three years.

109. Mali has completed its return to the franc zone, and this has removed a major constraint on the economy, since foreign transactions are now almost entirely liberalized.

110. Development prospects remain modest, one reason being some rigidities of the economy, which is able to respond only slowly to the incentives offered by the authorities.

Mauritius

111. Despite fluctuations caused by the impact of cyclones on sugar production, and despite the barriers encountered by its exports, Mauritius is making considerable headway in diversifying its economy away from sugar-growing and developing its manufacturing sector. In both 1984 and 1985 growth averaged 4 per cent after declining sharply in 1983. Although it has limited agricultural land and is situated far from world markets, Mauritius has a highly skilled population. From colonial days sugar-planting has been the mainstay of the economy, providing the bulk of exports. But the sugar market is limited by barriers blocking entry to the major markets of the EEC and the United States. Mauritius is entitled to negotiable quotas on these markets, but any extra production must be sold on the world market at prices which may not cover the cost of production, as has recently been the case. Diversifica-

tion away from sugar is thus a vital necessity, as unemployment is a permanent and pressing problem.

112. The Government's economic strategy has three main areas of focus: export-oriented industrialization, development of tourism and agricultural diversification. One of the key instruments of the strategy has been the Export Processing Zone, which offers some tax exemptions to investors in manufacturing. The Zone met with considerable success at its inception, but later encountered serious difficulties in the form of protectionist barriers in the EEC and the United States against its exports of knitwear and other textile products. However, it benefited from more favourable conditions in 1984 and 1985, with manufacturing production growing by 13.5 per cent in 1984 and 6.4 per cent in 1985, 12,047 new jobs created in the Zone in 1984 alone, and foreign investment in the Zone increasing fivefold. There has also been an increase in tourism, which continued into 1985. Government policies have tended to restrain consumption, including government consumption, and to promote investment, for example through wage restraint, so as to maximize the country's natural advantages. These policies are designed not only to promote growth but also to foster better balance in the economy, which has been suffering from acute external and domestic deficits. Under present policy, the Government intends to cut the overall budget deficit to 5 per cent of GDP.

Morocco

113. Morocco recorded only modest growth of 2.2 per cent in 1984 as a result of drought, and stagnation or regression in commodity-producing sectors. In 1985 the end of the drought boosted the economy, which is estimated to have grown by around 5 per cent. Agricultural production in Morocco is variable because of unpredictable weather, and even in good years the country has to import large quantities of cereals to make up its food deficit. Because of the drought, imports rose to 2.5 million tons of wheat, which cost 3.6 billion dirhams, 80 per cent more than the cost of imports in 1983. The population is rising rapidly, and consequently so are food imports, totalling 24 per cent of total imports in 1984, and accounting for 43.9 per cent of export receipts. Though exports have been rising faster than imports, and despite the large income from tourism, the current deficit is considerable, and has led to the build-up of a large external debt estimated at $12.6 billion by the end of 1984. Covering the current account deficit and repaying the country's debt will impose a heavy burden in the coming years, which cannot be eased unless further loans are obtained and the current debt is rescheduled.

114. In order to ease its debt problem, Morocco has entered into a stand-by agreement with IMF which includes an adjustment programme for the period 1985-1988 to reduce the budget and current account deficits to more manageable levels. However, the budget adopted for 1986, which provides for a large increase in expenditure, seems to be inconsistent with the adjustment programme.

Nigeria

115. The largest country in the region in terms of both population and output (14.6 per cent of regional output in 1985), Nigeria passed through a difficult period in 1984 and 1985. In 1984, the military administration which replaced the civilian regime applied a drastic austerity programme with severe cut-backs on imports and public investment. Direct import control and allocation measures were applied, while public investment programmes were subjected to a strict review. The federal capital expenditure budget, which had reached 6 billion nairas in 1983, was cut by 35 per cent to around N4 billion.

116. Barter agreements were entered into with a number of trade partners, enabling the country to exchange oil for essential imports and thus increase its trade. Oil production rose as a consequence by 12.5 per cent. The economy benefited in addition from more normal weather and better food supply. But the import squeeze and the lowering of investment combined to bring about a net fall in GDP, though at a slower rate than in 1983 (3.2 per cent compared to 7.8 per cent at 1980 prices). Even though there was a small surplus on current account after the large deficit of 1983, the external position remained under pressure because of arrears on commercial debts, which were estimated at anywhere between $5 billion and $11 billion, while total debt was estimated by the end of the year at $23.6 billion. The Government embarked on a programme of debt reduction, but the external debt problem remains unsolved because of the failure of the authorities to reach an agreement with Nigeria's creditors on the vexed question of an IMF-approved adjustment programme.

117. The year 1985 was better for Nigeria than 1984, though demand for oil was stagnating. Agriculture recovered sharply, and there was modest growth in manufacturing despite import controls, which continued to starve industry of spare parts and other inputs. A new military administration came to power and immediately had to consider the need for an adjustment programme and the desirability of an agreement with IMF. After a national debate, the IMF option was abandoned, and the Government decided to embark on an independent recovery programme.

118. Announcing the 1986 budget, the Government outlined its programme to revive the economy and solve the thorny problems of debt, the value of the currency,

and consumer subsidies. The Government has announced as one of its prime objectives the restoration of external balance. To achieve this, the value of the naira will be realistically adjusted so as to reduce its overvaluation, and as a first step a supplementary tax of 30 per cent has been imposed on all imports. As far as the external debt is concerned, the Government has imposed a ceiling of 30 per cent of external resources to be allocated for repayments. To foster local agriculture, the import of some types of food has been banned. As a way of reducing expenditure, salaries have been cut for all goverment employees, including the military, and the cuts are also being applied in the private sector. Oil price subsidies have been slashed to 20 per cent of the previous level, so as to reduce domestic over-consumption.

Zimbabwe

119. Zimbabwe began to recover from the effects of drought in 1984, with good rains in the 1984/85 season. The impact of drought had been minimized by the vigorous measures taken by the Government to safeguard water supplies and economize on water use, as well as to protect livestock herds as much as possible. The livestock herds were, however, drastically reduced through inevitable slaughterings, which were 12 per cent above normal. The agricultural recovery was considerably helped by the Government's policy of setting remunerative prices for peasant producers and by the widespread support and incentives given to agricultural production through inputs, credit facilities, research support, etc.

120. Mining plays an important role in the economy, contributing 8 per cent to GDP at factor cost in 1984. It has been hit by poor external demand, but also by the steep rise in costs, particularly wage costs, since independence. Manufacturing contributes more than a fifth of output, and is relatively diversified, making Zimbabwe one of the most industrialized countries in developing Africa. Since 1982 the sector has been hit by the foreign exchange squeeze due to reduced exports, and manufacturing output has been on the decline, dropping by nearly 5 per cent in 1984. Overall output grew by only 1.9 per cent in 1984, but this was an improvement on the declines of 1982 and 1983. In 1985 much better results were recorded, with growth reaching nearly 6 per cent.

121. Further progress, is however, contingent on the country's solving a number of thorny problems. One of them is the build-up of debt since independence, and the appearance of sizeable deficits. In part this turn of events was inevitable as the Government, in order to satisfy pent-up aspirations dating from the era of minority rule, introduced a range of income equalization and transfer measures. The parastatal sector has been inflated and efficiency has declined, while the burden of taxation and regulation has hamstrung the private sector. Another problem is that Zimbabwe, which urgently needs more foreign investment if it is to resume substantial growth, has received only a fraction of the foreign resources promised at independence.

C. THE DEBT ISSUE

122. With the bunching of debt service obligations experienced by many African countries in 1985, the issue of debt repayment has acquired key importance. In absolute terms, the African debt is not large compared to other regions of the world, though estimates differ with the source and the elements taken into account. IMF estimates Africa's debt at $130 billion in 1985, compared to $357.1 billion for the western hemisphere (essentially Latin America) and $230.9 billion for Asia. Since these figures do not cover Egypt and the Libyan Arab Jamahiriya, the ECA estimate for developing Africa of around $162 billion at the end of 1985 would seem to be more accurate. Another set of data, from OECD, estimates the debt of the developing countries of Africa at $137.8 billion at the end of 1984 - only about 15 per cent of total developing country debt.

123. In relative terms, taking account of the general poverty of the region, the debt is considerable: according to IMF, in 1985 it represented 35.8 per cent of GDP and 144.6 per cent of exports of goods and services, making the relative debt burden greater than that of Europe and developing Asia, two groups of countries far ahead of Africa in all measurable indicators of development. Moreover, the OECD data show that in 1983, of the 50 countries of developing Africa, 25 had debt/GDP ratios of 50 per cent or more, the ratio being more than 100 per cent for 5 of them, reaching 300 per cent in the case of Côte d'Ivoire.

124. The growth in Africa's debt dates mostly from the period after the first oil crisis of 1973, when many countries had large external deficits, mainly because of inelastic imports. Between 1977 and 1982 the debt nearly doubled, and its rate of growth has only recently fallen. Other causes are to be found in the policies of some of the newly rich oil exporters, which embarked on large investment programmes while increasing their imports considerably. They contracted both short-term and long-term loans on a large scale. The so-called "recycling" of oil money by Western banks also contributed to the growth of external debt. Unforeseen events like the slump in the oil markets, the jump in interest rates and the rise in the value of the dollar led to a rapid rise in debt service obligations, while the revenue needed to honour them was being drastically cut. According to IMF, debt service as a proportion of exports of goods and services rose steadily from a man-

ageable 12 per cent in 1977 to a high of 30 per cent in 1985. But these are regional averages, and a better view of the problem is gained by looking at some individual country cases.

125. Côte d'Ivoire is one of the most indebted countries in the region, external debt being as high as 82 per cent of GDP in 1984 according to OECD statistics. According to data from the Central Bank of West African States, the debt (including undisbursed debt) was still at the extremely high level of 75 per cent of GDP in 1985. This large debt was mostly incurred in the second half of the 1970s, when a sudden rise in coffee receipts prompted a lavish public expenditure programme consisting mostly of public works. With the rise in the dollar and in interest rates, debt service rose sharply to a high of 37.3 per cent of exports of goods and services in 1983. The country sought relief in rescheduling, but was obliged to make drastic cuts in its public investment and ordinary budget expenditure. Debt service is now falling, but the burden on the country's resources remains considerable.

126. As previously pointed out, Morocco has acute financial problems. These originated in its energy deficit (it has to import up to 90 per cent of its energy needs), its food deficit (aggravated in drought years) and its low rate of saving (11.8 per cent of GDP), against a background of heavy investment over a number of years. At the end of 1984 the external (medium-term and long-term) debt had risen to $12.6 billion, including IMF credits and short-term commercial bank debts. In 1984, even with rescheduling, debt service reached 30.1 per cent of exports of goods and services, and the country was able to keep afloat only thanks to considerable resource transfers and new loans. In 1985 the situation worsened, debt service climbing to 48 per cent of exports of goods and services, the financing gap being bridged only through further rescheduling and the signing of a $200 million stand-by arrangement in September 1985.

127. While Nigeria's debt is comparatively large for Africa ($20 billion for 1985), it is modest and manageable in terms of its GDP: 22 per cent in 1985. Moreover, even if its oil revenue has plunged since 1979, Nigeria still has enough revenues to service its medium-term and long-term debt. The real issue is the considerable trade debt accumulated on goods delivered, which is estimated at as much as $11 billion. Repayment of this debt is crucial to enable Nigeria to continue trading normally and tap external financial markets. Since 1984 successive Governments have followed a drastic policy of import cuts to enable the country to repay its debt. But the burden has been crushing: in 1985 debt service reached as much as 40 per cent of exports of goods and services. To lessen the burden a rescheduling agreement is necessary with external creditors, but to date this has proven impossible since the Nigerian Government is unwilling to accept the IMF solution sought by its creditors.

128. The Sudan is perhaps the country with the most acute and pressing problem: its disbursed debt stands at a crushing $9 billion, which in 1985 generated an estimated $1,114 million of debt service (157 per cent of projected merchandise earnings). In the intermediate budget for the period September 1985 to June 1986, debt service is estimated at $1,349 million, leaving a financial gap of $446.2 million. The debt problem is exacerbated by considerable arrears from a previous rescheduling, and by unpaid obligations to IMF totalling (in November 1985) some $197 million, which must be cleared as a precondition for a new stand-by agreement. To date no agreement has been reached with the Fund as the Government has not adopted a number of policy measures, including devaluation. The country's prospects are therefore extremely precarious, as its financial balance is dependent on resolving the debt issue.

129. According to IMF, debt service, which peaked at 30 per cent of exports of goods and services in 1985, should decline gradually to around 21 per cent by the end of the decade. But this projection is based on a number of policy and growth hypotheses, and in many cases the actual policies followed in some African and industrialized countries throw doubt on the likelihood of an easy solution. For example, the recent announcement by Nigeria that it is to keep debt service to a maximum of 30 per cent of federal Government revenue in 1986 has created some confusion and uncertainty among its creditors. Meanwhile, countries like Zaire which applied the prescribed IMF package to the letter have yet to see the expected external financing which is crucial for their further development. The plan under which the United States Secretary of the Treasury proposes to lend $20 billion to the biggest debtors among the developing countries over the next three years has raised some hopes, but it is conditional on the adoption of economic reforms which are unpalatable to some countries, as Nigeria's refusal to agree to an IMF package has shown.

D. POLICY ISSUES

130. There is a widening consensus on the need for a change in policies to cope with the persistent African economic crisis. Until the recent past, the dominant economic model was one in which investment played a central role with various amounts of Government intervention: it was held that capital formation was the determining factor in development and that government had a key role to play in allocating investment, industry being generally given the highest priority. The failure of that model in most African countries during

the late 1970s and early 1980s led to a new awareness of the decisive role played by incentives or disincentives confronting the producer at the grass-roots level, be it the farmer, the factory manager, the trader or the wage earner.

131. Necessarily, the market mechanism has gained a new prominence, and there is a gathering momentum towards giving more play to market forces. Another powerful motive for policy change has been financial: a large number of countries are battling with budget deficits, so-called foreign exchange shortages and debt repayment difficulties. The pressure exerted by such institutions as IMF in tying their financial assistance to economic policy changes has also been important.

132. The Declaration on the Economic Situation in Africa and "Africa's Priority Programme for Economic Recovery 1986-1990" adopted by the OAU Assembly of Heads of State and Government at its twenty-first session in Addis Ababa in July 1985 are landmark decisions indicative of both the seriousness of the situation in the region and the commitment of most Governments to introduce policy changes. This being the case, the content and direction of policy is far from identical in all countries, and there are differences which are worthy of notice.

133. Concerning the drought, which has been the most immediate and pressing problem for many countries in 1984-1985, the policy measures have included emergency imports of foodstuffs, the mobilization of resources to distribute food and other assistance to the affected populations, and also water conservation and land reclamation efforts. However, in some cases there have been shortcomings, for example delays in responding to the food crisis and the poorly organized distribution of food assistance.

134. Algeria, Cameroon and Gabon, which have done rather well in recent years, have not been under any great pressure to take drastic adjustment measures, especially as they have kept their debt under control. By the end of 1984 Gabon, for example, had a debt of CFAF 438.8 billion, only 27.1 per cent of GDP, debt service being equivalent to only 5 per cent of exports of goods and services. Nevertheless, even here significant policy changes have occurred. Algeria, for example, has moved substantially away from the tight central control model: industry has been decentralized, private farmers are receiving increased government support, "self-managed" farms are being reorganized and the social needs of the population are receiving much greater attention than before. The 1982-1986 plan places greater emphasis on the efficient use of capital and the need to involve private initiative in investment and exports much more than in the past. Cameroon and Gabon have always had market-oriented economies, but with heavy State intervention, if only because of the major share of domestic savings held by the State through its taxation of oil exports. Even in these two countries there have recently been significant moves towards allowing greater scope to private initiative, particularly in Cameroon, where the development strategy now gives a central role to the small private entrepreneur.

135. At the end of 1985, 18 African countries had a stand-by agreement with IMF, including Malawi, which has an extended arrangement expiring in 1988. As was to be expected, these 18 countries have been at the forefront of the liberalization drive, concentrating on the following areas:

(a) *Price liberalization*. The aim is to remove controls and subsidies which prevent prices from reaching their "equilibrium" level;

(b) *Raising producer prices* paid to farmers to give them a larger share of export revenues, and thus provide a stimulus for greater production;

(c) *Trade liberalization*. Removal of controls on internal and external trade, particularly those related to marketing boards and imports, and devaluation of overvalued currencies;

(d) *Credit controls*. Setting limits on bank borrowing, especially by the Government and public entities, which accounts for the greater part of credit creation and is a major cause of inflation;

(e) *Cutting the budget deficit* so that it represents a manageable share of resources, by various means: more efficient tax collection, higher taxes, spending cuts, etc.

136. Ghana and Zaire have gone furthest in implementing the adjustment packages associated with their stand-by agreements with IMF, devaluing their currencies by considerable amounts, cutting their budget deficits, removing subsidies on consumer items, and so on. In Ghana these measures have led to a very strong revival in the economy, while in Zaire recovery efforts are continuing in the framework of the 1986-1990 five-year-plan - the considerable investment required for the resumption of long-term growth has not been forthcoming despite promises made by external donors. Devaluation remains one of the most controversial measures, and has stood in the way of agreement between IMF and Nigeria, the Sudan and the United Republic of Tanzania.

137. During 1984 and 1985 the number of countries devaluing their currencies grew steadily; one of the most recent cases was Zambia, where a system of foreign currency auctions has been established, leading to an effective kwacha devaluation of more than 60 per cent.

138. In Nigeria, the two successive military administrations in 1984 and 1985 tried to restore balance by

drastically reducing imports, which led to a serious industrial slump. At the end of 1985 an economic emergency was proclaimed and steps were taken very much in line with the liberalization programme proposed by IMF: subsidies were cut, especially on oil products, wages were reduced across the board for both the public and the private sector, the Government declared that the naira would have to settle down to a more realistic level (although devaluation in the manner proposed by IMF was ruled out), and controls on external trade were increased.

139. In the case of the Congo, adjustment problems centre on the public sector and the debt issue. The public sector is dominant in industry and has received considerable investment, but is operating at a loss, adding substantially to the financial burden. In its structural adjustment programme the Government has cut down on both current and development spending, but not without painful social consequences. Going further would entail fundamental changes in the role and operations of the public sector and would undermine basic objectives of the development strategy.

140. This is also the case for the United Republic of Tanzania, where subsidies have been cut, and a small devaluation was effected in 1984, but the Government is resisting further adjustment measures as they would run counter to its basic approach in favour of a planned economy. Indeed, in some countries, what is being applied instead of liberalization is an increasing amount of central planning. The most interesting case in this respect is that of Ethiopia, where after extensive nationalizations following the 1974 revolution, State controls have been imposed on domestic and external trade, with new measures introduced in 1984-1985 aiming, on the one hand, to reduce consumer goods imports and cut fuel consumption, and on the other to institue a large-scale reorganization of rural life: while most of the land is still cultivated by private households, a massive programme is in progress to concentrate farm households in villages instead of the traditional scattered individual farmsteads.

141. Another experiment which deviates strongly from the overall trend towards less centralized systems may be seen in Burkina Faso: under the People's Development Programme, which provides for expenditure totalling CFAF 180 billion, or eight times the average annual level of investment, the population is being mobilized through a network of local organizations which enjoy considerable autonomy to undertake local development projects like the construction of dams, roads, etc. The programme relies to a great extent on direct inputs of labour.

142. Despite the serious problems encountered in the process of policy reform, and the inevitable variations in policy packages from country to country, the need for reform is more urgent that ever. The IMF packages encounter serious problems largely because they threaten vested interests which benefit from inflated currencies, as well as urban constituencies which have become used to very low-cost necessities. At the same time, the packages do not take enough account of the rigidities of African economic systems, which are not always able to respond quickly to price signals, though this point should not be overstressed, as it is now well established that African peasants do respond strongly to price stimuli.

143. Moreover, there are sometimes differences between the solutions proposed by IMF and those of other international organizations. For example, the World Bank's programmes often entail a growing fiscal deficit, which is not in tune with IMF requirements. Even more seriously, while trade liberalization is urged on African countries, their partners in industrialized countries often fail to respond as expected and instead erect protectionist barriers against African products: this is the case for sugar exports to the United States, copper, Mauritian exports of knitwear, etc.

E. OUTLOOK FOR 1986

144. In order to prepare projections for the year 1986, the ECA secretariat followed a country-by-country approach which draws on available knowledge of the circumstances of each country to prepare separate country projections. As a result of this procedure, subregional and regional totals can easily be obtained. It is the experience of the ECA secretariat that short-term economic forecasting cannot be based on aggregated regional or subregional econometric models.

145. In the situation prevailing at the end of 1985, Africa's prospects for 1986 appeared decidedly dim. A review of the factors which are likely to influence the performance of African economies in 1986 shows that none or very few will provide much stimulus. Turning first to international markets, it is widely accepted that the OECD economies will on average grow more slowly in 1986 than in 1985, though the latest information indicates continuing strength in the United States economy. If this is the case, external demand for African exports will be poor. This may already be noted in the sharp drop in the price of practically all the commodities exported by Africa during 1985. As far as oil is concerned, after a temporary firming in the last quarter of 1985, prices resumed their downward slide, which was accelerated by the OPEC decision to switch its strategy towards defending its market share, even at the cost of lower crude oil prices. Trends in January 1986 already indicated that oil prices might fall below $20 a barrel, which would mean substantial losses for African producers, some of which have relatively high costs. Coffee prices have received a considerable boost from

the Brazilian drought, which has sent prices up over the International Coffee Organization's ceiling, so that a relaxation of quotas is envisaged in 1986. But coffee is an exceptional case, and for most commodities African exporters are facing over-supplied markets.

146. Another international factor to be taken into account is resource flows to African economies. Important steps have been taken to increase such flows, including the establishment of the Special Facility for Sub-Saharan Africa by the World Bank, but prospects for Official Development Assistance flows are not good, nor is there much hope that private flows will make an important contribution. In any case the increases in resource inflows are contingent on the application of the adjustment measures advocated by the United States Treasury Secretary (see paragraph 49 above).

147. Internally, the performance of agriculture is a key element. In all probability the weather will be normal or favourable in 1986, and a recurrence of drought is not expected. This means that the "recovery effect" of 1985 will not be operative and that normal, more long-term trends will be dominant. In other words, agriculture will not be a dynamic sector in 1986: low productivity due to outdated techniques, poor distribution systems, low prices and the after-effects of drought will combine to make for low growth, though in some countries and for specific crops strong progress is expected, for example in Kenya, Malawi, Zambia and Zimbabwe. Moreover, the supply position of raw materials for Africa's agriculture-based industries will be restored, though other factors have to be taken into account, as for example in Senegal, where despite the return of normal rains groundnut sales are at record lows because the farmers are dissatisfied with official marketing arrangements.

148. The mining sector is almost entirely export-dependent, and is likely to suffer from poor demand. Oil extraction will of course be seriously hit by the swift decline in prices, non-OPEC producers being as much affected as OPEC members. For the other major mineral products - bauxite, cobalt, copper, iron ore, tin and uranium - prospects are also poor : the tin market collapsed during 1985 following the build-up of huge stocks, with adverse repercussions for other metal and and non-metal ores. There are some bright spots, however: demand for cobalt is likely to rise in 1986.

149. Manufacturing prospects in 1986 are unclear: in most countries the sector is plagued by various inefficiencies ranging from overmanning to extremely low capacity utilization. In 1986 better raw material supplies will be a positive factor, but otherwise the sector will continue to suffer from shortages of imported inputs. This is particularly the case in Nigeria, where imports in 1986 will be subject to a 30 per cent supplementary tax, besides being limited to a level far below that prevailing at the beginning of the decade.

150. Account must also be taken of such government actions as the various measures taken to liberalize prices and trading systems, readjust currencies and cut budget deficits. Experience in Ghana and Zaire has shown that such policies provide a significant stimulus to agricultural production and to export-oriented industries generally, but at the same time there are depressing effects from a fall in investment. Moreover, the debt burden will cut substantially into the resources available for investment.

151. On balance the ECA secretariat expects in 1986 a growth rate for the whole of developing Africa of only 2.9 per cent. Domestic demand will contribute most of the growth (2 per cent), coming mostly from private consumption, while investment (fixed capital formation) will fall marginally. The external sector will contribute about a third of the growth, with weak export performance and a renewed fall in imports.

152. Central Africa is expected to be the best-performing subregion, growing by 3.8 per cent because of good prospects in Angola, the Congo, Cameroon and Rwanda. Eastern and southern Africa will grow by 3.3 per cent. In North and West Africa growth will fall to 2.7 per cent from 3.1 and 2.9 per cent respectively in 1985. In a reversal of the previous state of affairs, sub-Saharan Africa is expected to grow by 3.1 per cent, faster than North Africa. In the Sahel region, after the recovery of 1985, growth will fall from 7.6 per cent to 4.5 per cent.

Table III.3. GDP growth rates by subregional and analytical group, 1983-1986 (Percentage)

	1983	*1984*	*1985*	*1986*
Central Africa	2.8	4.1	2.3	3.9
Eastern and southern Africa	1.7	0.1	1.8	3.0
North Africa	3.3	3.8	3.1	2.7
Southern Africa	1.8	1.3	2.8	1.6
West Africa	-6.0	-2.6	2.9	2.7
Sub-Saharan countries	-2.6	-0.7	2.1	3.0
Sahelian countries	3.5	-5.7	7.6	4.5
Oil-exporting countries	-0.7	1.7	3.1	2.7
OPEC members	-3.1	0.7	2.8	2.9
Non-oil-exporting countries	0.8	0.2	2.2	3.0
Least developed countries	1.2	-1.2	1.3	3.4
Others	0.5	1.1	2.7	2.8
Drought-affected countries	1.4	-0.6	2.1	3.3
All ECA member States	-0.2	1.2	2.8	2.8

Source: ECA secretariat estimates.

153. The oil exporters will perform less satisfactorily in 1986 than in 1985, an inevitable outcome considering the oil market situation. They will grow by 2.7 per cent compared to 3.0 per cent in 1985. In contrast, growth in non-oil-exporting countries will improve by a full percentage point from 2.2 per cent in 1985 to 3.2 per cent in 1986.

154. In the drought-affected areas there will be a significant improvement, growth rising to 3.3 per cent from 2.1 per cent in 1985.

155. Only a handful of countries will achieve creditable growth rates in 1986 - Cameroon, the Congo, Kenya, Mauritius and Rwanda, which are expected to grow by more than 5 per cent.

156. These projections are of course tentative, and a worse outcome is not excluded, which could result in overall growth falling to only 2 per cent.

IV. AGRICULTURE

A. THE 1983-1985 DROUGHT

157. The 1983-1985 African drought has been widely covered in this and preceding Surveys, in other publications of ECA and other United Nations organizations, and by the news media. Nevertheless it appears useful to review its spread through the region and assess its impact on the countries affected.

158. The drought began in southern Africa, where abnormally low rainfall was recorded from 1981 onwards, famine breaking out in Mozambique in 1983. That same year drought hit the coastal countries of West Africa, affecting even countries like Benin, Côte d'Ivoire, Nigeria and Togo, which are in a normally humid tropical zone. The drought spread inland as far as the Central African Republic, which experienced exceptional bush fires and such low levels in the river Oubangui as to hamper navigation. By the beginning of 1984 Côte d'Ivoire and Ghana were suffering from critical electricity shortages due to low water levels in dams associated with hydroelectric projects. In early 1984, the small rains failed in Ethiopia, and by the middle of the year drought was engulfing the whole Sahel as well as Ethiopia and the Sudan, and spreading south to Kenya, Rwanda, Burundi and the northern part of the United Republic of Tanzania.

159. The total number of countries affected by drought at one time or another during 1983-1985 was 27; 21 countries from Morocco to Botswana, with a population of 210 million, were affected simultaneously in the 1984/85 season. Around the end of 1984 the greatest number of people were exposed to hunger, particularly in Chad, Ethiopia, Mozambique and the Sudan. However, it was in 1983 that the impact of the drought on regional agricultural production was strongest: while the FAO index of agricultural production fell by 2.6 per cent in 1983, it actually grew by 3.5 per cent in 1984. (Food production, which fell by 1.7 per cent in 1983, rose by 4.4 per cent in 1984.) In the first place, the countries affected by drought in 1984 make up only a small proportion of total regional output; in addition, by then the recovery was under way in North, southern and West Africa.

160. In Morocco, the North African country most seriously affected by drought, the situation was at its worst in 1983: the cereal crop declined by 27.5 per cent from 47.7 million quintals to only 34.6 million quintals. Massive imports were necessary to cover the deficit.

161. In the Sahel a low was reached in 1984, with an 18 per cent fall in cereal production. For the coastal West African countries, the drought lasted a little over a year, ending in early 1984, when agricultural production recovered strongly in Benin, Côte d'Ivoire, Ghana, Nigeria and Togo. The same occurred in the Central African Republic.

162. In Ethiopia and the Sudan, the drought was at its height in the 1984/85 season. In Ethiopia, agricultural production declined by nearly 10 per cent in 1983/84 and a further 16 per cent in 1984/85, cereal production collapsing from nearly 6 million tons in 1982/83 to 5.5 million tons in 1983/84 and only 3.5 million tons in 1984/85. Cereal production in the Sudan, which was 4 million tons in 1982/83, dropped to 2.4 million tons in 1983/84 and only 1.4 million tons in 1984/85.

163. In Burundi, Kenya and Rwanda as well as in the northern parts of the United Republic of Tanzania, the failure of the rains in the main 1984 season badly affected food production: in Kenya maize production declined by 34 per cent from 24.2 million bags in 1983/84 to only 15.8 million bags in 1984/85. Fortunately the drought was short-lived, normal conditions returning by the end of 1984.

164. In southern Africa, where the drought began, famine killed hundred of thousands of people in Mozambique during 1983 and 1984. Agricultural production fell by nearly 19 per cent in 1983 according to FAO, food production falling by an equal amount. In Zimbabwe agricultural production fell by 11.8 per cent in 1983, recovering in 1984, and food problems were avoided because of relatively large stocks and substantial imports. Botswana experienced continuous drought between 1982 and 1985, and production of cereals in 1983/84 was as low as 13 per cent of normal.

165. Relief activities for Africa started in 1983, when a special FAO task force was set up to monitor the situation and co-ordinate aid to the region. Aid donations were considerable, and it is no exaggeration to state that the relief operations were the most massive ever organized. A complete update is not yet available, but food pledges for 1983/84, 1984/85 and 1985/86, a good indication of the volume of aid received, totalled around 11 million tons, mostly cereals, or around $2.3 billion at current cereal prices. In actual fact the value of aid was much greater, since food other than cereals has to be taken into account, as well as non-food aid and payments to cover transport and administrative costs. At the same time commercial food imports increased; FAO estimates the total at as much as 11.8 million tons for all African countries in 1984/85.

166. In 1985, with the return of normal rains, the drought ended in practically the whole region, with

exceptions in Botswana and some parts of Ethiopia, particularly the South East. According to FAO, agricultural production increased by 4.2 per cent compared to 3.5 per cent in 1984. There were particularly strong gains in North Africa (9.4 per cent), Central Africa (4.6 per cent) and Eastern and southern Africa (4.4 per cent). Cereal production is estimated to have risen by 16 million tons from 56 million tons in 1984. In North Africa, bumper crops were harvested, particularly in Algeria, where strong government support to agriculture has also been a factor in the recovery.

167. In Ethiopia, agricultural production for 1985/86 is expected to be up by as much as 15 per cent, though the 1982/83 level is not likely to be regained. Food aid requirements remain considerable, and the authorities estimate a large deficit for the 1985/86 season, set by FAO at 0.8 million tons. In the Sudan, the 1985 cereal crop totalled a record 4.6 million tons compared to 1.5 million tons in the preceding season, but relief assistance remains necessary in the western areas of Darfur and Kordofan.

168. In Eastern Africa, Kenya made up for its losses in 1984/85 as normal rains returned at the end of 1984. The situation is similar in Burundi and Rwanda, where a normal food supply situation is now reported.

169. In West Africa, agricultural growth has returned to a more normal path, and FAO estimates a production increase of only 0.6 per cent after nearly 9 per cent in 1984. The Sahel countries are nearly all recovering strongly from the drought.

170. Another West African country making progress is Ghana, where, in addition to the end of the drought in 1984, devaluation of the currency and the lifting of controls on prices have opened up profitable opportunities for farmers.

171. In southern Africa, harvests were good in 1985, to the extent that an exportable surplus of 1.2 million tons of maize for 1986 is forecast in Zimbabwe. A surplus of 200,000 tons is expected in Malawi. However, in Botswana and Mozambique the situation remains precarious, and food shortages may last until the end of the 1985/86 season. In Mozambique the security situation is an added problem preventing a resumption of normal production. Similar difficulties exist in Angola.

172. In the Central African Republic, which suffered exceptional drought in 1983, agriculture has recovered since, helped by government policies. Under the reconstruction effort major roads have been repaired, while support to agriculture has resumed: the situation has improved so much as a result that in the 1985 rainy season there was a fall in cassava prices instead of the usual rise.

173. The recovery in African agriculture in 1985, while very welcome, has also underlined the weaknesses of the sector, where low productivity is still the norm. It has also shown the importance of appropriate government policies, as it is those countries where governments have encouraged and supported farmers with remunerative prices, assured supplies of inputs, improved transport systems and new and effective technical packages which have benefited the most from good weather as well as coping best with the drought.

B. FOOD PRODUCTION, 1984–1985

174. The recent evolution of food production has been practically identical to that of agriculture as a whole, of which it forms the largest component - there are still few African countries where nonfood production (excluding forestry) represents an important part of agricultural production. In Mali, for example, food represents 68 per cent of total agricultural value added; the figure for forestry is 26 per cent, with industrial crops representing only 5 per cent. As the figures in table IV.1 indicate, food production recovered very strongly in 1984 and 1985, growing by 4.4 per cent and 4.2 per cent respectively, exceptional rates considering the 2.3 per cent African average for 1973-1984.

Table IV.1. Food production indices in developing Africa, 1982-1985 (1974-1976 = 100)

	1982	*1983*	*1984*	*1985*
North Africa	115	116	118	130
Morocco	118	109	112	124
Sudan	121	123	114	131
West Africa	123	115	125	127
Côte d'Ivoire	141	146	162	165
Ghana	87	83	114	100
Sahel countries	121	116	110	126
Eastern and southern Africa	111	112	112	117
Botswana	101	94	91	92
Ethiopia	128	119	111	116
Mozambique	103	98	98	99
Zimbabwe	101	82	93	121
Developing Africa				
Agricultural production	116	114	118	123
Food production	117	114	119	124
Cereal production	108	97	99	121

Source: FAO secretariat.

175. The strongest gains were made in North Africa, with an increase of 10.2 per cent in 1985. This must be discounted to some extent in view of the irregularity of the climate in the Maghreb, though government support to agriculture has played a part in addition to recovery from drought. In Central Africa and Eastern and southern Africa most of the growth occurred in 1985, with 4.2 per cent and 4.5 per cent respectively; in 1984, as a result of drought in Eastern and Southern Africa, food production rose by a more 0.9 per cent. In Burundi, Rwanda and Zaire, there was no great change

in 1984 and 1985, with food production rising by 0.8 per cent a year, less than population growth. In West Africa, after the recovery of 1984, when food production rose by a huge 8.7 per cent, the gain fell to only 1.6 per cent in 1985.

Cereals

176. Cereals are the principal crop in North Africa, the Sahel and Eastern and Southern Africa. "Coarse grains" - maize, millet and sorghum - are the main cereals grown, wheat being important only in North Africa. Coarse grains represent nearly 75 per cent of cereal production.

177. In 1985, regional cereal production grew by a considerable 28.3 per cent, or nearly 16 million tons. The biggest increases in production were recorded in Algeria, the Sudan and Zimbabwe. In Algeria, the cereal crop was reported 90 per cent higher than in 1983/84, with the wheat crop estimated at 1.2 million tons, 38 per cent higher than in 1984. In the Sudan, the 1985 cereal crop is estimated at 4.4 million tons, nearly three times the 1984 drought-affected crop, and double the 1983 figure. In Zimbabwe, the cereal crop, mostly maize, is estimated at 3.5 million tons, or 118.8 per cent more than in 1984. Zimbabwe again has a surplus for export and is experiencing storage difficulties.

178. In Morocco, the largest cereal crop for 10 years was harvested, estimated at a huge 2.4 million tons. But imports remain necessary, as requirements still exceed production.

179. In West Africa, cereal production increased by 17.6 per cent over 1984. In Nigeria, the main producer in the area, the crop was estimated at 10.1 million tons, 13.3 per cent up on 1984. In the Sahel countries, cereal production for the 1984/85 season is estimated at 6.1 million tons, 55.6 per cent more than in 1983/84. Particularly big increases were recorded in Chad (113.4 per cent) and the Niger (80.8 per cent).

180. Disappointing results were recorded in Ethiopia, where, though cereal production increased by 4.2 per cent, the 1983 level was not regained, while in Botswana the recovery is still not complete. In other areas, crops suffered from excessive rains, as in Ghana, where the 1985 rice crop was 20 per cent lower than in 1984.

Roots and tubers

181. Roots and tubers are mainly grown south of the Sahara, and are the basic diet in Central Africa. In other parts of the region, apart from North Africa, they are a complementary food, relied upon in times of shortages. The drought-resistant qualities of many root crops make them very attractive substitutes for cereals. They also have very high yields relative to the work they require.

182. Production was only slightly affected by the drought, decreasing by 2.5 per cent in 1983, then recovering in 1984, when it grew by 10.3 per cent. In 1985 production is reported as having fallen by 1.6 per cent, but this may not be too significant, as harvesting can be adjusted in accordance with needs; cassava can be kept in the ground for as long as three years. The 1984 increase may be due to producers harvesting more of the crop to make up for the cereal deficit caused by the drought.

Table IV.2. Production of some food items in developing Africa, 1982-1985 (Thousands of tons)

	1982	*1983*	*1984*	*1985*
Maize	27 814	22 053	23 259	30 287
Sorghum	10 214	9 139	8 654	11 696
Wheat	10 453	8 753	9 362	11 084
Millet	9 783	8 294	8 282	11 016
Paddy rice	8 889	8 988	8 812	9 327
Cassava	51 514	50 728	56 230	54 369
Yams	24 442	22 614	24 734	24 784
Sweet potatoes	6 008	6 023	6 242	6 309
Potatoes	5 588	5 623	5 863	6 048
Fruit excluding melons	37 303	37 232	37 887	38 217
Vegetables and melons	24 740	25 586	26 155	26 653
Pulses	5 933	5 546	5 477	5 678
Raw sugar	7 300	6 692	7 666	7 817
Milk	15 576	16 014	15 886	15 354
Meat	7 050	7 188	7 322	7 481
Groundnuts in shell	4 591	3 521	3 858	4 193

Source: FAO secretariat.

183. Production of cassava, the most important root crop, reached 52 million tons in 1985, 3.4 per cent up on 1984, when a rise of 3.5 per cent was recorded. As cassava is a drought-resistant crop its cultivation has been encouraged by Governments in recent years. Government support has taken the form of higher producer prices in the United Republic of Tanzania and Zambia. Moreover, such measures as the Nigerian Government's move to ban rice imports and subsidies on grain imports will undoubtedly shift market conditions in favour of cassava. Cassava was hurt recently by pests which jeopardized production in the Congo, Nigeria, Zaire and other major producing regions. Since then, however, improved varieties have taken care of the problem, and this may be a factor in the regular increases in production.

Pulses

184. Production of pulses has been hurt by drought conditions, and after declining in 1983, it stagnated in 1984, recovering in 1985 by 2 per cent. This crop, which supplies essential proteins and is a substitute for meat in the daily ration of millions, is mainly concen-

trated in West Africa and in Eastern and Southern Africa, which together produce 68 per cent of the total crop.

185. In North Africa, one of the main producers is Egypt. Production there has increased considerably, by 9.5 per cent and 21.2 per cent respectively in 1984 and 1985. This trend may be due to changes in relative prices, making the crop more profitable. In Ethiopia, the crop was badly hurt by drought. Production declined by 22.2 per cent from 0.9 million tons in 1982/83 to 0.7 million tons in 1983/84. It increased by 4.2 per cent in 1984/85, but remained nearly 19 per cent under the 1983 level. The impact of drought has been felt throughout Eastern Africa: production in 1985 stood at 15 per cent of the 1982 level in the Eastern and Southern African subregion, while in Burundi, Rwanda and Zaire it fell by 17 per cent in 1984, recovering by 5.6 per cent in 1985. Production in West Africa, which recovered in 1984, fell again in 1985: in some of the coastal countries, excessive rain and flooding was reported, while in the Sahel 1985 was marked by the return of good weather.

Livestock

186. Most African cattle are to be found in the drought-affected areas, as livestock-breeding is strictly limited by the presence of the tsetse fly in large areas of sub-Saharan Africa, especially in Central Africa. For cattle, the effect of drought shows up in a sharp drop in herd growth rates to only 0.1 per cent in 1984, followed by a fall of 1.8 per cent in 1985. In the Sahel cattle losses have been extremely severe,particularly in Mauritania, and herd reconstitution is likely to take some years. In Mali, the cattle herd was down from 6.7 million head in 1982 to 5.7 million in 1984. Breeders have resorted to increased slaughterings to recover the value of animals lost. Kenya and Zimbabwe, where cattle-rearing is more advanced than in the Sahel, cattle losses were more limited, but slaughterings were nevertheless up because of the lack of pasture and water. Botswana, which is running the most advanced cattle industry in the region, was particularly badly affected by the drought, suffering a 23 per cent reduction in its herd in 1984. Moreover, the drought affected the condition of the animals, whose cold dress weight was significantly reduced. At the regional level the growth rate fell in 1983 and 1984. In 1985, meat production grew by 3 per cent - more than population growth, but under the 1975-1982 average of 3.7 per cent. With urbanization and increased incomes in the privileged strata of society, meat production is benefiting from highly favourable relative prices and changing consumption patterns.

C. PRODUCTION AND PRICES OF INDUSTRIAL CROPS

187. Data on the production of various food items between 1982 and 1985 are given in table IV.2. More specific information on specific commodities appears below.

Coffee

188. Coffee production in developing Africa stood at 1.15 million tons in 1984, and was forecast to increase to 1.4 million tons in 1985. Production in Côte d'Ivoire is expected to reach 4.7 million bags, which would be the largest out-turn since 1980/81. The Government is actively involved in programmes to regenerate 20,000 hectares of aging tree plantations, re-establish plantations destroyed during construction of the Buyo dam and replant areas destroyed by bush fires in 1983. Cameroon's coffee production in 1985/86 is forecast at 1.9 million bags, while that of Kenya is projected to reach 1.8 million bags. In the United Republic of Tanzania, coffee production, which stood at 53,000 tons in 1984/85, rose to 62,000 tons in 1985/86, mainly as a result of improved weather conditions. Uganda's production is estimated at 192,000 tons in 1983/84, a substantial improvement over previous crop years, although part of the increase should be discounted because of a decline in smuggling. Uganda's International Coffee Organization quota of 2.5 million bags (4.44 per cent of total production) has been increased by an additional 100,000 bags for the 1984/85 and 1985/86 growing seasons. In Ethiopia, coffee production declined from 0.17 million tons in 1982/83 to 0.16 million tons in 1983/84 and 0.15 million tons in 1984/85. Consequently, coffee exports declined. In the 1985/86 season African coffee producers are likely to benefit enormously from the shortages created by the Brazilian drought. Already coffee prices have risen, and the International Coffee Organization's quotas have had to be relaxed.

Tea

189. Production of tea in developing Africa is estimated to have increased from 220,000 tons in 1984 to 240,000 tons in 1985. In Kenya, the largest African producer, total output rose from 116,000 tons in 1984 to 135,000 tons in 1985. As a result of an unprecedented rise in the export price from 2,184 shillings per 100 kilograms in 1983 to K sh 5,184 in 1984, the country's total tea earnings increased from K sh 2,600 million in 1983 to K sh 6,020 million in 1984.

190. The Kenya Tea Development Authority which provides smallholders with a reliable flow of credit, cuttings, fertilizers, technical advice and transport, has become a regional model for developing small-scale

agriculture and stimulating rural employment. In contrast to the situation in some parts of developing Africa, where farmers all too often receive only a fraction of the proceeds from export sales, the Authority pays smallholders a price which is linked to the sale price of their tea on world markets. The Kenyan concept of smallholder development has already been exported to Malawi, while India, Sri Lanka and Zimbabwe have all sent experts to study its success.

191. In Malawi, tea production in the 1983/84 growing season grew by 17.2 per cent from 32.01 million kilograms to 37.53 million kilograms. The average price at the Limbe auction increased by 86.1 per cent, while in London the average price for tea more than doubled. India's decision to cut tea exports drastically so as to satisfy local demand had a substantial impact on prices.

192. In Mauritius a fall in sugar output was partly offset by a favourable conjunction of factors which gave a boost to the tea industry. World tea prices rose from 19.57 rupees per kilo in 1983 to 36.86 rupees per kilo in 1984, providing an incentive to local tea growers to increase production. The growers were able to respond to the favourable situation as a result of the restructuring of the tea industry, which included the rehabilitation of some 160 hectares of tea plantations and greater inducements to apply fertilizers. Production of green tea rose by 30.9 per cent, from 31,103 tons in 1983 to 40,726 tons in 1984.

Cocoa

193. Production of cocoa beans in developing Africa is estimated to have remained stagnant at around one million tons in 1985. Except for Ghana, where production is reported to have increased from 188,000 tons in 1984 to 230,000 tons in 1985, all the major cocoa-producing countries (Cameroon, Côte d'Ivoire and Nigeria) registered a decline in output. The upsurge in production in Ghana can partly be attributed to measures taken by the Government to increase the producer price of cocoa from 20,000 per ton to 30,000 per ton in the 1984/85 crop year. In Côte d'Ivoire, which is the largest cocoa-producing country, production declined to 458,000 tons in 1985 compared to 550,000 tons in the previous year. Over the same period, Cameroon's production declined from 120,000 tons to 115,000 tons, while output in Nigeria fell from 150,000 tons to 110,000 tons. In contrast to 1984, when they showed an average increase of 26.8 per cent, cocoa prices declined in 1985, particularly in the last two quarters of the year, because of a glut on the world market.

Cotton

194. Production of seed cotton in developing Africa rose steadily between 1983 and 1985, but the experience of the major producing countries was mixed. In Egypt, for example, cotton production has been steadily falling, reaching in 1984 about 75 per cent of its 1980 level. Reduced acreages and less attractive prices have been cited as the major reasons. In contrast, the protracted decline in the production of cotton in the Sudan which characterized the seven years ending 1980/81 was reversed in 1981/82, and output has since picked up steadily, from 305,000 tons in 1980/81 to 581,000 tons in 1984/85, its highest level for 10 years.

195. The completion of a number of rehabilitation schemes and the revision of the structure of incentives offered to farmers have been the main factors in the recovery. The new system involves the early announcement of cotton prices, normally in December, and the adoption of individual instead of group accounting. Other countries registering modest growth rates in production in 1985 were the Central African Republic, Chad and Côte d'Ivoire.

196. Since 1984, world cotton prices have been declining steadily, with particularly large falls in 1985. In November, the Liverpool price was 40.6 per cent below the 1984 average. This fall, combined with a declining dollar, will hurt producers and endanger the finances of marketing organizations.

Ground-nuts

197. Output of ground-nuts in developing Africa rose from 3.4 million tons in 1984 to 4.0 million tons in 1985. Following improved weather conditions, almost all the major producers - Nigeria, Senegal, the Sudan and Zaire, recorded gains in production. Nigeria's production is estimated to have increased from 550,000 tons in 1984 to 600,000 tons in 1985, and that of Senegal from 682,000 tons to 700,000 tons. Production in the Sudan rose from 367,000 tons in 1984 to 420,000 tons in 1985. However, in the Gambia, where ground-nut production is the most important economic activity, developments were unsatisfactory. The Gambia Marketing board was able to market only 45,000 tons in 1984/85 compared with 94,000 tons in 1983/84, a drop of about 52 per cent. In order to increase production, producer prices were raised by 4.2 per cent in January 1985.

Sugar

198. For developing Africa as a whole, sugar production is estimated to have grown from 5.2 million tons in 1984 to 5.5 million tons in 1985. Almost all the major producers (Egypt, Mauritius, the Sudan and Swaziland) recorded gains in production in 1985. In contrast, sugar production in Côte d'Ivoire, Kenya and Zimbabwe was slightly below the level attained in 1984.

199. In Mauritius, the sugar sector suffered from adverse climatic and market conditions. Production fell 4.8 per cent in 1984, and sugar prices tumbled by a full 30 per cent between January and December 1984. They were to fall to record lows in 1985. A sugar authority has been working since July 1984 to implement a reconstruction programme for the industry. A production target of 650,000 to 700,000 tons is attainable with favourable climatic conditions. In Swaziland, with better rains, production rose to 402,000 tons in 1984/85. Under the Lome Convention, Swaziland has an annual quota of 120,000 tons for export to EEC at a preferential price. Production in excess of the quota has to be sold on less favourable terms, sometimes at prices which do not even cover production costs. An additional problem facing the country is the import quota system introduced in the United States in 1980/81.

Tobacco

200. Production of tobacco leaf in developing Africa is estimated to have increased by 1.7 per cent in 1985. In Malawi, production as indicated by sales to the marketing board more than doubled, as a result of a substantial increase in the area under tobacco, which rose from 4,223 hectares in 1983 to 8,033 hectares in 1984. This in turn may partly be attributed to the producer price increase of 10 per cent offered to smallholder tobacco farmers. Yield per hectare increased by 41 per cent from 171 kilograms in 1983 to 241 kilograms in 1984. In Zimbabwe, there was only a modest increase in production from 118,000 tons in 1984 to 120,000 tons in 1985. However, the value of tobacco sales jumped from 184.5 million Zimbabwean dollars in 1983 to $Z254.5 million in 1984. In the fourth quarter of 1984, exports almost doubled to $Z127.7 million, equivalent to 26.1 per cent of the value of total merchandise exports, thus maintaining tobacco's position as the main foreign exchange earner.

D. FORESTRY

201. Roundwood production in Africa rose by about 2.2 per cent between 1983 and 1984, to over 423 million cubic metres, Nigeria leading with 92 million cubic metres. Industrial roundwood production was 52.6 million cubic metres, 1.5 per cent less than in 1983. Production of fuelwood and charcoal totalled 370 million cubic metres, 2.8 per cent up on 1983.

202. Sawnwood production rose 4.4 per cent in 1984 over the 1983 figure of 8.6 million cubic metres. Nevertheless, exports decreased both in volume (by 2.5 per cent) and in value. The apparent consumption of sawnwood in Africa rose by 2.0 per cent in 1984. Information on production, imports and exports of forestry producers is provided in table IV.3.

Table IV.3. Forestry products: Production and trade in Africa, 1983 and 1984 (Millions of tons)

	Production		*Imports*		*Exports*	
	1983	*1984*	*1983*	*1984*	*1983*	*1984*
Paper and paperboard	2.45	2.46	0.98	0.96	0.16	0.17
Wood pulp	1.50	1.36	0.44	0.45	0.55	0.55
Wood-based panels[a]	1.66	1.84	0.62	0.61	0.31	0.40

Source: FAO secretariat.
[a] Millions of cubic metres.

E. AFRICA'S AGRICULTURAL TRADE

203. The most important factor currently affecting Africa's agricultural export trade is the depressed state of agricultural commodity prices in the international markets. Beginning in the middle of 1984, the prices of Africa's main agricultural exports began to decline and, as stocks of most agricultural export items are at high levels, there is keen competition among producers. Edible oil prices are almost 50 per cent lower than in 1983. There has been a sharp fall in the prices of beverages, including tea. After a sharp rise in 1984, tea prices have fallen, and currently stand at the 1975 level. Prices of non-food agricultural products have also declined. There are a few exceptions to the downward slide of prices: as already noted, coffee has benefited from the Brazilian drought and prices were reaching new highs by early 1986.

204. Despite low prices, export earnings for the region rose by 9.5 per cent in 1984, the highest rate since 1977. This positive outcome must, however, be viewed against the background of a prolonged decline in the volume of agricultural exports, which fell by more than 30 per cent between 1981 and 1983. The rise in 1984 reflected to a large extent a massive increase in shipments by a few countries. In particular, exports from Cameroon, Côte d'Ivoire and the United Republic of Tanzania rose by 40 to 50 per cent in value.

205. Following the 1983 crop failures, food imports increased by 5 per cent in 1984. Cereal imports alone rose from 23.6 million tons in 1983 to 29.5 million tons in 1984, an increase of 25.0 per cent. Overall the value of agricultural imports was $15 billion in 1984, compared with exports worth $9.8 billion. The agricultural deficit therefore worsened to $5.5 billion, cereals alone accounting for $5 billion. In addition, the purchasing power of agricultural exports deteriorated, which dampened the impact of the 1984 improvement in export earnings. In 1984 foreign exchange earnings allowed imports of manufactured goods and petroleum at virtually the same level as in 1980, 25 per cent below the 1974-1976 average.

F. AGRICULTURAL POLICY DEVELOPMENTS IN 1984 AND 1985

206. The drought and the generally poor economic climate from which the region has been suffering in the

last three years have provided a strong stimulus for policy change. In Egypt, for example, important steps have been taken to encourage the development of the agricultural sector. Chief among them is the adoption of new policies which led to an increase in prices of about 63.8 per cent between 1980 and 1984. Other measures include the adoption of modern methods of irrigation, pest control, the development of reclaimed land and prevention of the loss of arable land arising from urban encroachment and use of the soils for brick-making. With a rapidly growing population and limited arable land, the emphasis on agriculture in the 1981/82-1986/87 Plan is vital to tackle Egypt's growing food deficit.

207. In Nigeria almost 18 per cent of 1985 budget outlays were allocated to agriculture. In addition, the share of agriculture was raised from 10 per cent to 12 per cent of total bank loans to be granted in 1985, and the banks were offered further incentives to increase agricultural loans by way of higher interest rates. These measures were intended to boost agricultural output and thereby reduce imports. One particularly important measure was the banning of rice imports ordered by the new military administration in 1985.

208. In Cameroon, producer prices for cocoa were raised by 10 per cent; farmers are no longer required to pay fees to the marketing corporation, and are paid bonuses for establishing new plantations.

209. In the Central African Republic, producer prices have been raised, technical assistance and extension services restored, and roads repaired. The price system has been liberalized, particularly for agricultural products, and the support system to agriculture restored. Cotton production has been the main focus of renewed support, which has paid off quickly in terms of increased production and incomes.

210. The fourth development plan in Mauritius, covering the period 1984-1986, provides for the diversification of agriculture away from sugar, through the development of livestock-raising, fishing and horticulture. Sugar production is to be maximized on the existing acreage through increased productivity.

211. In Botswana, the recurrence of drought in the past decade has become a serious cause for concern, and the need for permanent machinery to enable the country to respond to drought, including rising levels of malnutrition and food imports, has become more urgent than ever. In response to this need, a National Food Strategy was formulated in 1984 whose main objective is to increase food production from both dryland and irrigated farming, and to build up a strategic grain reserve. These objectives are an essential part of the sixth National Development Plan launched in 1985.

212. In the Gambia, agriculture is the main priority of the Economic Recovery Programme drawn up in 1985. The Programme provides in particular for substantial increases in producer prices to stimulate production. Other measures included in the Programme, such as adjustment of the currency, revised credit policies and the rehabilitation of infrastructure, will undoubtedly have a positive effect on agriculture.

213. In Kenya, the theme of the 1985/86 budget is "mobilization of resources for renewed growth", aiming to consolidate policy measures and institutional reforms adopted to stabilize the economy and encourage growth. The Government lays emphasis on increasing the productivity of farmers and strengthening the agricultural marketing and distribution network.

214. In Lesotho a Highland Water Project designed to alleviate drought, erosion and overgrazing is soon to come into operation. Its benefits will include irrigation of arable land, water supply, fish production and tourism centred on the reservoirs, the provision of roads in previously inaccessible parts of the Maloti Mountains, and the employment of an average of 2,000 people during construction. The costs in terms of land lost due to flooding and the resettlement of people will be small relative to the potential benefits of the project, which will open up remote and sparsely populated mountain areas to development.

215. In the Libyan Arab Jamahiriya, self-sufficiency in agricultural products is given high priority in the 1981-1985 transformation plan. By 1984, about 92 per cent of the 1,650 million dinars allocated to the agricultural sector had been spent, helping to achieve 10.7 per cent annual growth in agricultural value added between 1981 and 1985. In 1984, the first phase of the "Great Artificial River" was started. This project, which will cost around LD 3 billion, is designed to transfer the country's ample underground water resources from the desert regions in the south to the coastal area to meet the rising demand for irrigation and drinking-water.

216. In the United Republic of Tanzania the agricultural sector is inhibited by numerous obstacles, notably the lack of essential inputs, infrastructural problems, particularly in transport, the lack of proper extension services, post harvest losses due to inadequate storage facilities, and so on. The measures taken by the Government to redress the situation include revitalization of irrigation schemes to reduce dependence on rain-fed agriculture; improvements in the system for distributing inputs to subregional farm service centres; and the raising of producer prices. A national food strategy, whose main objective is self-sufficiency in food, has been drawn up. Marketing boards are now permitted to retain 50 per cent of their export earnings abroad in order to import essential requirements. In 1985/86, 30.7

per cent of the development budget has been earmarked for agriculture; the funds will be directed to regions with favourable climatic conditions and towards the preparation and implementation of cash crop packages.

217. In Swaziland, the Government's efforts to foster development in the traditional agricultural sector have been focused on the Rural Development Areas Programme, the second phase of which, covering the years 1977 to 1985, involved expenditure totalling 845 million emalangeni, of which E 822 million was funded from local sources. A study to assess the effectiveness of the Programme in relation to its objectives and identify achievements and constraints found that although the social benefits had been appreciable, the impact on crop production had been significantly smaller than expected. As a result of increasingly adverse employment trends, it is expected that each year a larger proportion of the labour force will need to seek their basic remuneration in traditional agriculture. If the government is to respond to this demand, supporting services, particularly extension services, will need to be improved. Irrigation schemes offer promise, but must be properly structured if the Government is to see a return on its investment.

218. In Côte d'Ivoire producer prices for food crops were revised upwards, while in Mali the proceeds of food aid are being used to build up a marketing infrastructure in the rural areas. In addition, three marketing parastatals have been closed and market forces are being allowed to determine the prices of millet and sorghum. Ghana is overseeing a liberalization of the market for cocoa; Zambia is promoting smallholder commercial agriculture, with a rural credit scheme supported by the World Bank due to go into operation shortly. A single body is to be responsible for the collection of maize and the distribution of fertilizers. In Sierra Leone the marketing board raised producer prices at the beginning of the 1984/85 crop season, followed by further increases in February 1985 after the devaluation of the Leone. The impact of the increases has been encouraging.

219. The twentieth ordinary session of the OAU Assembly of Heads of State and Government, held in Addis Ababa in July 1985, adopted a Special Programme of Action for Improvement of the Situation and Rehabilitation of Agriculture in Africa. The Programme provides for action in five areas:

(a) *Immediate measures to combat food emergencies*

(i) Establishment of national early warning systems;
(ii) Establishment of a mechanism for co-operation among national early warning units;
(iii) Establishment of a multinational logistics co-ordination mechanism;
(iv) Creation of multinational and subregional emergency funds;

(b) *Rehabilitation of African agriculture*

(i) Efforts to allocate 20-25 per cent of aggregate public investment to agriculture;
(ii) Incentive measures for increasing production and productivity;
(iii) Strengthening of institutions and infrastructure;
(iv) Better utilization of water, forestry, livestock and fishery resources;
(v) Implementation of subregional and regional food security programmes covering not less than 10 per cent of minimum needs;

(c) *Structural reforms: long-term measures*

(i) Research, technology and distribution systems;
(ii) Training of skilled manpower;
(iii) Extension of cultivable areas;
(iv) Comprehensive survey and analysis of food habits;
(v) Improvement of rural infrastructure;
(vi) Strengthening of institutional and management capacity;
(vii) Restoration of ecological balance and implementation of a policy on organic matter;
(viii) Subregional and regional co-operation in food security, research and technology, training activities, exploitation of natural resources, control of animal diseases and pests, etc.;

(d) *Drought and control of desertification*

(i) Planting, conservation, protection and diversification of vegetation cover;
(ii) Water resources development;
(iii) Firewood substitution;
(iv) At the subregional and regional levels, promotion of the exchange of information, know-how and technologies in desertification and drought control, and establishment of an early warning system for drought;

(e) *Refugees, displaced persons and victims of natural disasters*

220. The adoption of the Special Programme of Action is a very important step, which demonstrates that most Governments have come to recognize not only the importance of agriculture in development, but also the existence and urgency of Africa's agricultural crisis. It is remarkable that the programme specifically recommends incentives for farmers, including remunerative producer prices.

221. At the international level, there is likewise increasing recognition of the need to support the rehabilitation of African agriculture. This is clear from the response shown at an FAO donors' meeting on rehabilitation of agriculture in Africa covering 254 projects costing $219 million, in 20 drought-affected countries: Angola, Botswana, Burundi, Burkina Faso, Cape Verde, Chad, Kenya, Lesotho, Mali, Mauritania, Morocco, Mozambique, Niger, Rwanda, Senegal, Somalia, Sudan, United Republic of Tanzania, Zambia and Zimbabwe. In the same way, the support given to the United Nations appeal made in early March 1985 for $1,500 million for emergency relief in Africa was encouraging. Generally speaking, most bilateral aid programmes now emphasize the need to give priority to

agriculture, and even make this a condition of aid. This is particularly true for the United States aid programme for Africa and the United States Treasury Secretary's proposed programme of increased lending to major debtors.

G. PROSPECTS FOR 1986

222. The overall performance of African agriculture in 1986 is not expected to be dramatically different from 1985. In fact, with the end of the drought, a more normal growth pattern will reassert itself, and this will in all probability result in lower growth than in 1985, when the recovery effect was particularly strong. Moreover, in the countries most affected by drought, its lingering effects have to be taken into account, in terms of seed shortages, livestock losses, leading to a lack of draught animals, and population disruption. Many people in countries like Ethiopia have been forced to migrate to feeding camps and are now destitute, lacking tools and other means of production. Government agricultural development programmes will take time to have a measurable effect. Taking all this into account, the ECA secretariat forecasts growth in agriculture of around 3 per cent at best in 1986 (in national accounts terms).

223. Price trends for industrial crops, which are a major source of foreign revenue for a large number of countries in the region, are not favourable. Apart from coffee, most prices are declining or depressed because of over-supply. If sustained, these trends will have a damaging effect on industrial crop output and export revenues in 1986.

V. MANUFACTURING INDUSTRY

224. The year 1985 was an important landmark for the manufacturing industries in Africa. It marked the end of the first quarter of the period covered by the 20-year Lagos Plan of Action, which set a specific target of increasing the region's share in world industrial output from 0.7 per cent in 1980 to 1 per cent in 1985, 1.4 per cent in 1990 and 2 per cent in the year 2000. For the 1980-1985 period it was estimated that the target required an average growth rate of 9.5 per cent per year, increasing to 9.6 per cent for 1986-1990. This growth was to be accompanied by a structural shift from simple processing and light industries to intermediate and heavy industries, thereby lessening Africa's acute external dependence and at the same time laying the essential groundwork for self-sustained industrial development.

225. The year 1985 was also significant in that it marked the first year of implementation of the programme of the Industrial Development Decade for Africa. The preparatory phase, which lasted from 1982 to 1984, was expected to create conditions for the principal Decade activities, including identification and preparation of projects, financing arrangements, institution-building, etc.

226. Performance in this sector during 1985 fell well below expectations. By 1985, the region's share of world industrial output was estimated at roughly 1.4 per cent. The target set for 1985 was met in 1981, and the 1990 target in 1985. This achievement would seem to be encouraging, but unfortunately it was made possible not by vigorous performance by manufacturing industries in Africa, as much as by the slow-down and/or decline in the output of manufacturing industries in the rest of the world. As table V.1 indicates, the growth rate recorded by the manufacturing industries in Africa fell short of the rate implied by the Lagos Plan of Action.

227. Nevertheless, output increased by 5.4 per cent, the highest rate since 1982. This relatively strong performance stemmed from increases in all the subregions and other groups. The average rate of growth during 1980-1985 was 4.0 per cent.

228. Among the analytical groups, the best performance was recorded by the oil exporters, which initially took advantage of their huge surpluses to diversify their economies, with special emphasis on industrialization. The increase in the region's share in world manufacturing output owes much to this group of countries, although their future prospects may not be very bright considering the state of the world market for oil. Their strong performance in 1985 was due for the most part to the completion of projects started in the early 1980s, when the world oil market was very favourable to them. Investment in manufacturing in those countries is likely to decrease in the coming years, and growth will have to rely more on increased capacity utilization and productivity.

Table V.1. Real growth in manufacturing value added in developing Africa by subregional and analytical group, 1982-1985 (Percentage)

	Average 1980-1985	*1983*	*1984*	*1985*[a]
All ECA member States	4.0	2	-1.6	5.4
Central Africa	5.1	5.5	2.5	5.2
Eastern and southern Africa	-1.6	2.6	-5.5	0.7
West Africa	-1.7	-3.7	-14.3	4.8
North Africa	6.7	6.9	7.0	7.0
Non-oil exporters				
Oil exporters	8.1	3.0	.5	7.3
Least developed countries	-0.7	6.6	-6.1	2.4
Others	-5.0	0.9	-2.4	2.2

Source: ECA secretariat.
[a] Preliminary data

229. The non-oil-exporting countries outside the least developed category, the most industrialized until they were overtaken by the oil exporters, suffered most from the world recession of 1979-1984. They began a modest recovery in 1985 after their manufacturing output had declined for most of the early years of the decade. The performance of manufacturing in these countries depends more on the external sector than on domestic economic activity. The operations of existing industry and the expansion of capacity are to a large extent contingent on the countries' capacity to import the requisite raw materials and capital goods. During the early 1980s, the low volume and price of their exports limited this capacity, necessitating cut-backs in the volume of imports of capital goods and raw materials. The world recession had a negative effect on domestic demand in these countries, forcing their manufacturing industries to operate below capacity. This was most marked in Cameroon, Côte d'Ivoire, Ghana, Kenya, Zaire and Zambia.

230. Aside from the adverse external environment, manufacturing performance was hampered by natural calamities, of which the drought that engulfed most of the African region was the most important. In many countries - notably Cameroon, Kenya, the Sudan and Zimbabwe - the manufacturing industries based on or oriented towards agriculture suffered set-backs arising

from the effect of the drought on the supply of agricultural raw materials.

231. The least developed countries have the smallest manufacturing base and recorded cyclical performances. The 1 per cent decline their manufacturing industries suffered in 1982, mainly as a result of price rises, was more than made up in 1983, when output increased by over 6 per cent, reflecting their rapid adjustment to higher prices. In 1984 many of these countries were hit by the drought, as a result of which output plummeted by as much as 6 per cent. With the recovery in 1985, output increased by 2.4 per cent. Over the four-year period as a whole these countries seem to have maintained manufacturing output at the 1982 level.

232. The most industrialized country in Africa is Zimbabwe, with manufacturing industry contributing 20 per cent or more to GDP, followed by Algeria, Egypt, Morocco, Côte d'Ivoire, Kenya and Zambia with a contribution of at least 15 per cent.

A. SUBREGIONAL BREAKDOWN

233. Central Africa continued to enjoy healthy progress in its manufacturing industries, with a record of uninterrupted growth. For the period 1982-1985 output growth averaged 4.3 per cent a year. High growth was achieved in 1983 (5.5 per cent) and 1985 (5.2 per cent). Performance was brisk in Burundi, Cameroon and Rwanda, although all three countries face structural problems. In Burundi and Rwanda, performance would have been much better had it not been for the disruption of their traditional route to the sea due to instability in Uganda. In Cameroon the problem was one of absorptive capacity, as the country faces critical shortages in the supply of skilled manpower. Consequently, high domestic costs of production are making the industries uncompetitive, despite the considerable protection they enjoy. The future for Cameroonian industries lies in increasing productivity and eficiency.

234. In some of the countries of the subregion, manufacturing industries that are privately owned are increasing their productivity while the parastatals are suffering from persistent problems. This is particularly true of the Central African Republic, the Congo and Gabon. However, the Governments concerned have recognized the problems and are implementing policies directed towards increased productivity. In the Congo and Gabon the reform policy is aimed at improving management and injecting financial resources, while in the Central African Republic and to some degree in Zaire the drive for eficiency is taking the form of privatization.

235. In Eastern and southern Africa performance followed a cyclical pattern. After a decline of nearly 3 per cent in 1982, 1983 saw a recovery of about 2.4 per cent. A decline of 5.5 per cent in 1984 was followed by a mere 1 per cent increase in 1985. The average annual performance for 1982-1984 stands 1 per cent below that of 1981. Manufacturing industries in the United Republic of Tanzania, Zambia and Zimbabwe were hardest-hit as a result of shortages of imported raw materials and spare parts arising from balance-of-payments constraints, as well as the drought.

236. The northern part of the continent recorded a very healthy growth pattern, with 6.8 per cent over the 1982-1985 period and as much as 7 per cent for 1984 and 1985. In Algeria and Egypt growth was most pronounced, with more than 9 per cent in Algeria and 8.7 per cent in Egypt over 1982-1985. In the other countries output improved consistently, in Tunisia averaging more than 8 per cent a year over the 1983-1985 period after a dismal performance earlier in the decade. On the other hand, in the Libyan Arab Jamahiriya the high performance of the early 1980s displayed a cyclical pattern. The large upsurge of 1982, up by 17 per cent over 1981, was followed by a decline of more than 10 per cent in 1983. The 1984 and 1985 performance, although showing a recovery from the slump of 1983, does not indicate a return to stability as yet.

237. In West Africa, the output of manufacturing industries declined for two consecutive years in 1983 and 1984, slightly recovering in 1985. Nigeria, the most important industrial power of the subregion, suffered severe set-backs: its industrial output dropped by 4.7 per cent in 1983 and then by a considerable 18.2 per cent in 1984. Among the causes of the poor performance was the shortage of foreign exchange to import raw materials and spare parts. In 1985 gross capacity utilization was estimated at no more than 60 per cent. In Côte d'Ivoire, manufacturing output declined by 3 per cent and 7 per cent in 1983 and 1984, recovering in 1985. Here too there was a shortage of foreign exchange, as well as a fall in domestic demand. In Liberia domestic political problems hampered output, while in Ghana the increasing costs of production stemming from successive wage and salary increases made domestically manufactured goods uncompetitive with imports. To redress the situation the authorities devalued the currency, but this had negative repercussions in that it pushed up the cost of imported inputs and led to another round of wage and salary increases to maintain real incomes. In other parts of the subregion deceleration was most notable in Mauritania, the Niger, Sierra Leone and Togo.

B. IMPORTANCE OF THE MANUFACTURING SECTOR

238. Manufacturing industry is very small in Africa, accounting for no more than 10 per cent of the region's

GDP in 1985. The share has increased from about 6 per cent a decade and half ago (see table V.2), so that its growth has not been very different from that of the non-manufacturing sector.

Table V.2. Manufacturing output as a proportion of gross domestic product by subregion, 1970-1985

	Number of countries	*1970*	*1982*	*1983*	*1984*	*1985*
		(Percentage)				
All ECA member States	50	6.4	9.4	9.7	9.8	10.0
Central Africa	11	5.4	6.2	6.4	6.3	6.5
Eastern and southern Africa	17	11.6	11.6	11.7	11.2	11.0
North Africa	6	5.6	11.5	11.9	12.3	12.8
West Africa	16	5.1	6.9	7.0	7.0	6.8

Source: ECA secretariat.

239. In Central Africa there has been a modest increase since 1970 in the share of manufacturing output in GDP, while in Eastern and southern Africa the share failed to increase between 1970 and 1982 and slightly declined thereafter. North Africa more than doubled the share of its manufacturing in GDP between 1970 and 1982 as a result of massive investment made possible by the huge oil revenues in Algeria and the Libyan Arab Jamahiriya and the "open door" policy pursued in Egypt and Tunisia, which attracted foreign and encouraged domestic capital investment in the sector. In West Africa there has not been any significant change in the share of manufacturing in GDP since the start of the decade. The modest recovery in 1985 raised both GDP and manufacturing output, but the share of the latter declined slightly.

Table V.3. Manufacturing value added: Breakdown by subregional and analytical group, 1970-1985

	Number of countries	*1970*	*1982*	*1983*	*1984*	*1985*
		(Percentage)				
All ECA member States	50	100.0	100.0	100.0	100.0	100.0
Central Africa	11	6.0	6.1	6.3	6.3	6.3
Eastern and southern Africa	17	18.5	17.0	16.8	15.6	15.0
North Africa	6	49.3	51.5	53.0	55.4	56.6
West Africa	16	26.2	25.4	23.9	22.7	22.1
Oil exporters	9	55.1	58.0	57.1	60.8	61.6
Non-oil exporters						
Least developed countries	26	11.6	10.8	11.1	10.1	9.9
Others	15	33.3	31.3	30.3	29.1	28.5

Source: ECA secretariat.

240. The shares of the subregions and analytical groups in the total manufacturing value added of the region are shown in table V.3. The nine oil-exporting countries account for as much as three fifths of regional output, and their share has been increasing as a result of the accelerated investment made possible by their huge oil revenues, while the non-oil-exporting countries are finding it increasingly difficult to maintain past performance, not to speak of expansion.

241. In addition to their limited impact on GDP, the region's manufacturing industries tend to cluster in simple processing activities with an undiversified base. Various estimates indicate that more than 80 per cent of the region's manufacturing output is made up of nondurable consumer goods, while the production of durable consumer goods, intermediate inputs and capital goods is virtually non-existent in many parts of the region, and at best at an early stage of development. As table V.4 shows, nondurable consumer goods assume positions of prominence even in such highly industrialized countries as Egypt, Kenya and Zimbabwe.

Table V.4. Breakdown of manufacturing value added by branch, 1973 and 1980 (Percentage)

	Nondurable consumer goods		*Intermediate goods*		*Capital and durable consumer goods*	
	1973	*1980*	*1973*	*1980*	*1973*	*1980*
Algeria	80	75	5	5	15	20
Egypt	80	70	8	10	12	20
Kenya	70	65	20	20	10	20
Madagascar	90	90	7	7	3	3
Tunisia	70	65	25	30	5	10
United Republic of Tanzania	85	80	5	7	10	13
Zaire	75	75	13	13	12	12
Zambia	75	70	15	20	10	10
Zimbabwe	70	65	20	20	10	15

Source: "Africa in figures" (UNIDO/IS.517), figure 2.

242. In addition to the high concentration and lack of diversification among the three branches, table V.4 strongly indicates the sluggish pace of structural transformation. Although the two years selected witnessed the deepest postwar recession in most of the region, the information nevertheless suggests that little of whatever investment was made in manufacturing during the eight-year period was directed towards shifting the focus from light consumer goods industries to intermediate and heavy industries. Even in those countries which showed a considerable improvement, such as Algeria, Egypt and Kenya, the shift was due rather to the establishment and/or expansion of assembly plants for durable consumer goods such as cars than to growth in heavy industries producing investment goods.

243. Although they use relatively capital-intensive technologies, the nondurable consumer goods industries are usually of the simple processing type, concentrating on agricultural products. Consequently it is not

surprising that even in countries where extractive industries are the mainstay of the economy, manufacturing output is dominated by food, textiles, tobacco, beverages and wood. Table V.5 highlights the importance of food and textiles in a number of African countries.

Table V.5. Share of the food and textile industries in total manufacturing value added, 1973 and 1980 (Percentage)

	Food		*Textiles*	
	1973	*1980*	*1973*	*1980*
Egypt	24	18	28	22
Ethiopia	29	43[a]	37	27[a]
Kenya	27	38	9	8
Madagascar	22	20[b]	32	34[b]
Tunisia	15	11[b]	14	7[b]
United Republic of Tanzania	28	25[b]	22	20[b]
Zaire	17	24[b]	11	13[b]
Zambia	11	11	4	8
Zimbabwe	12	15	9	11

Source: "Africa in figures" (UNIDO/IS.517), table 3.
[a] 1983.
[b] 1979. Trade in manufactures

C. TRADE IN MANUFACTURES

244. Given the high income elasticity for manufacturing goods and the small industrial base in the region, one would normally expect to find that manufactured goods have a high share in total imports and a low share in total exports. At the same time the low level of income would tend to depress the share of manufactured goods in imports. As table V.6 indicates, between 1970 and 1981 developing Africa absorbed no more than 6 per cent of the world's exports of manufactured goods, while supplying 0.4 per cent.

Table V.6. Developing Africa's share in total world imports and exports of manufactures, 1970-1981 (Percentage)

	Imports			*Exports*		
	1970	*1975*	*1981*	*1970*	*1975*	*1981*
World	4.7	6.0	5.9	0.5	0.4	0.3
Developed market economies	4.6	6.3	6.1	0.4	0.2	0.3
OPEC countries	5.6	7.1	5.2	0.7	0.4	0.2
Other developing countries	7.6	6.2	5.2	1.0	0.7	0.4
Eastern Europe	3.8	2.9	4.3	0.8	0.8	0.2

Source: Handbook of International Trade and Development Statistics, Supplement 1984 (United Nations publication, Sales No. E/F.84.II.D.12), tables 3.2 and 3.3.

245. Although developing Africa's share in traded world manufacturing output is very low, imports of manufactured goods make up close to 70 per cent of its annual imports, and are increasing much faster than GDP. In 1970, for example, as can be seen from table V.7, 69 per cent of its imports were manufactured goods, decreasing to 67 per cent in 1975 and 66 per cent in 1981, most probably as a result of balance-of-payments constraints following the two oil price increases of the previous years.

Table V.7. Share of manufactured goods in total imports to developing Africa, 1970-1981 (Percentage)

	1970	*1975*	*1981*
World	69.3	66.9	65.8
Developed market economies	74.5	74.3	71.6
OPEC countries	6.3	5.4	6.8
Other developing countries	52.2	42.7	48.6
Eastern Europe	60.0	57.3	64.0

Source: Handbook of International Trade and Development Statistics, Supplement 1984 (United Nations publication, Sales No. E/F.84.II.D.12), table 3.2.

246. Developing Africa's 0.4 per cent share of total world manufactured goods exports forms 5 per cent of its total exports. Exports of manufactured goods are limited not only by the small size of the establishments producing them, but also by the fact that the establishments are primarily oriented towards import substitution and not export promotion.

D. ISSUES, PROBLEMS AND PROSPECTS

247. In studying prospects for the manufacturing industries in Africa, the short-run approach examines the problems and constraints faced by existing industries, while the longer-run perspective focuses on the future development of the sector.

248. A review of current performance suggests very strongly that manufacturing operations are either highly inefficient or grossly underutilize their capacity, or both. In both cases the social cost far exceeds the benefits. Although the factors responsible for this lack-lustre performance differ from country to country, it is nevertheless possible to discern some common problems.

249. At the top of the list is the very high dependence on imported inputs. A run-down of the region's imports by end use indicates that for the majority of the countries raw materials and semi-finished goods account for no less than 40 per cent of their import bill. This state of affairs limits their independence and ties manufacturing performance to export performance. For the non-oil-exporting countries since the mid-1970s, and the oil exporters since the early 1980s, manufacturing activity has fallen far short of what is to be desired. For the oil importers the two major oil price rises and the recession in the OECD countries increased their current account deficits, seriously ran down their reserves and worsened their debt burdens and debt-servicing ratios. Adjustment to these external pressures required African countries to

cut down on their imports - raw materials, intermediate inputs and spare parts along with capital goods. This forced many manufacturing industries to operate below capacity, leading to rising unemployment and diminishing national income and welfare.

250. High dependence has effectively prevented the manufacturing industries from exerting a dynamic effect on the rest of the economy. In many of them imported inputs have minimized the share of domestic value added. This is especially true of the assembly plants common in the region. In other industries value added is not as high as one would hope for. This characteristic points to a major failure to create linkages with the rest of the economy. Because of their heavy reliance on imported inputs, the manufacturing industries have tended to be a burden on the economies, absorbing resources generated elsewhere without giving much in return.

251. Employment creation is one possible advantage attributed to the manufacturing industries, but even this fails to pass the litmus test when closely scrutinized. Employment in manufacturing industries is to begin with very small compared to other sectors. Secondly, the cost of each job created is so high that African countries have little hope of using this sector as a means of mitigating their employment problems. Again, this has to do with their heavy dependence on imported capital goods. The usual sources of manufacturing machinery are the developed countries, which are interested first and foremost in labour-saving techniques. Clearly such techniques are inappropriate for countries where employment generation is a major policy issue.

252. The future course of the manufacturing industries must be based on lessons drawn from past performance. To begin with, the industries must be planned in such a way as to solve the problems of the region rather than compounding them. Most importantly, they should have very strong linkages with the other sectors of the economy, especially for their raw material needs. Secondly, there must be an integrated approach to their development. African Governments have in the past created a favourable atmosphere by providing them with high protection, tax and duty concessions, etc. Unfortunately industry has not taken advantage of these concessions, but has perpetuated its heavy external dependence. These policies have clearly failed, and there is now a need to give priority to greater efficiency and productivity, the use of domestic raw materials and joint projects which would increase market size. State-owned industries have not been able to show clear and decisive advantages over privately owned ones. Steps must be taken to make them profitable as has already been done in a number of countries in the region.

VI. ENERGY AND MINING

A. ENERGY

1. Introduction

253. Developing Africa is amply endowed with energy resources, both commercial and non-commercial. According to a study by ECA, the African region has about 35.4 per cent of the world's hydroelectric power potential, 8.5 per cent of proven oil reserves, 7.9 per cent of natural gas deposits and 2.3 per cent of coal resources.[2] Energy resources in developing Africa are indicated in table VI.1. There is also considerable scope for the development and intensified use of renewable sources such as solar, biogas and wind energy. This is in addition to fuelwood, which constitutes about 90 per cent of primary energy.

Table VI.1. Oil, natural gas, coal and hydroelectric power in developing Africa

	North Africa	*Sub-Saharan Africa*	*Total developing Africa*
Oil reserves (millions of barrels)	30 125	36 317	72 442
Natural gas reserves (millions of cubic metres)	4 038	1 464	5 502
Coal (millions of tons)			
Reserves	65	10 500	10 565
Potential	1 265	100 138	101 403
Hydroelectricity (installed megawatts)	2 708	11 384	14 092

Source: Based on "Survey of economic and social conditions in Africa, 1983-1984" (E/ECA/CM.11/16), table IV.C.1.

254. While the region has a large oil and gas potential and produces substantial quantities of both, this production has so far been of more significance in earning foreign currency than in supplying energy, as over 80 per cent of African oil production is exported. The continent has a few major producers and a majority of oil importers. Many of the latter have suffered chronic payments difficulties arising directly or indirectly from the oil price increases starting in 1973. In many cases this also affected their growth. As a result many countries have embarked on programmes to diversify their energy sources, most importantly through the development of hydroelectric potential and intensified oil exploration efforts.

2. Non-commercial energy

255. Non-commercial energy makes up about half the energy supply in developing Africa, with the proportion in individual countries varying directly with the level of poverty. Up to 1975, consumption of fuelwood, the major energy source, grew more or less in line with population (an average rate of 2.2 per cent has been estimated for the period 1960-1975), but since then higher oil prices have tended to shift overall energy consumption towards fuelwood and other "traditional" sources. This has been particularly marked among the poorest strata of society. FAO estimates that the average annual rate of growth of fuelwood consumption rose to about 2.9 per cent a year in the 1970s, while afforestation expanded by about 2.7 per cent a year. The ecological impact will soon become apparent. The protracted droughts of recent years have led to a further deterioration in the situation, and action must be urgently taken if the region is to restore its once abundant fuelwood resources.

3. Commercial energy

256. Oil, natural gas, coal and hydroelectric power are the main sources of commercial energy in developing Africa. The production of primary energy increased in 1983 after falling in 1981 and 1982 (see table VI.2). The major source was liquids, followed by solids, gas and electricity with shares in 1983 of 68.2 per cent, 22.1 per cent, 8.3 per cent and 1.3 per cent respectively. However, while the share of liquids has been falling, those of solids and gas are increasing.

Table VI.2. Commercial energy production in Africa, 1980-1983 (Thousands of tons of oil equivalent)

	1980	*1981*	*1982*	*1983*
Total	401 583	338 614	338 400	341 918
Solids	305 231	238 166	231 842	233 343
Liquids	67 441	74 973	73 280	75 647
Gas	23 795	21 014	28 919	28 400
Electricity	5 177	4 462	4 359	4 528

Source: 1983 Energy Statistics Yearbook (United Nations publication, Sales No. E/F.85.XVII.9), p.32.

257. Consumption, too, is increasing (see table VI.3). Between 1980 and 1983 the average growth rate was around 3.7 per cent; consumption of liquids, solids and gas rose at approximately the same rate, while electricity consumption fell at a rate of nearly 4.1 per cent a year. The growth in consumption has led to an increasing rate of domestic use of energy produced, from 33.7 per cent in 1980 to 43.7 per cent in 1983. Liquids accounted for about 43.3 per cent of energy consumption in 1983. However, the per capita consumption of

[2] "Energy supply and demand projections through 1985-1990 in Africa" (E/ECA/NRD/ESDP/4).

287 kilograms of oil equivalent in 1983 is still low by international standards.

Table VI.3. Commercial energy consumption in Africa, 1980-1983 (Millions of tons of oil equivalent)

	1980	*1981*	*1982*	*1983*
Liquids	57.6	61.1	61.8	64.7
Solids	54.8	60.4	60.8	62.0
Gas	16.1	13.6	18.9	18.2
Electricity	5.1	4.5	4.4	4.5
Total	133.6	139.6	145.8	149.4
Per capita consumption (kilograms of oil equivalent)	281	285	289	287

Source: As for table VI.2.

4. Energy balance forecasts to 1993

258. Recent ECA data on the energy balance in Africa, with forecasts to 1993, appear in table VI.4.

Table VI.4. Production and consumption of commercial energy in Africa, 1963-1993 (Percentage)

	1963	*1973*	*1983*	*1993*
Ratio of production to consumption	189	406	230	212
Structure of production				
Liquids	67.4	84.8	68.3	65.0
Solids	31.4	12.0	22.1	20.0
Gas	0.4	2.4	8.3	12.0
Electricity	0.8	0.8	1.3	3.0
Structure of consumption				
Liquids	39.0	45.4	43.3	47.0
Solids	58.8	47.6	41.5	37.0
Gas	0.8	3.6	12.2	10.0
Electricity	1.4	3.4	3.0	6.0
Production[a]	85	341	342	530
Consumption[a]	45	84	149	250

Sources: 1979 Yearbook of World Energy Statistics (United Nations publication, Sales No. E/F.80.XVII.7), pp.46-49; *1983 Energy Statistics Yearbook* (United Nations publication, Sales No. E/F.85.XVII.9), pp.32-33; ECA secretariat.

[a] Millions of tons oil equivalent

5. Energy developments in 1984-1985

259. The following sections give an account of the main developments in respect of the major energy sources.

(*a*) Oil

260. Developing Africa's oil production (see table VI.5) increased by about 2.6 per cent in 1985 to 238.2 million tons, after a rise of 8.5 per cent in 1984. While both members and non-members of OPEC contributed to the 1984 increase, the rise in 1985 was essentially attributable to the non-members, whose combined production increased from 74.0 million tons in 1984 to 77.3 million tons in 1985. OPEC members' oil production increased only by 1.7 per cent from the 1984 level of about 158 million tons, largely as a result of falls in Algeria and the Libyan Arab Jamahiriya, as production in Nigeria has continued to rise. Among the non-OPEC group, Angola, Cameroon and Egypt have done particularly well.

Table VI.5. Oil production in developing Africa, 1980-1985 (Millions of tons)

	1980	*1982*	*1983*	*1984*	*1985*[a]
Algeria	47.2	33.5	31.8	29.7	29.2
Gabon	8.9	7.7	7.9	8.8	8.7
Libyan Arab Jamahiriya	86.2	51.0	53.2	51.7	50.0
Nigeria	102.1	63.8	60.2	68.0	73.0
OPEC members	244.4	156.0	153.1	158.2	160.9
Angola	7.4	6.2	8.3	11.3	12.0
Cameroon	2.7	5.3	5.0	6.5	7.6
Congo	3.3	4.6	5.3	5.9	5.3
Cote d'Ivoire	0.1	1.0	1.0	1.3	1.5
Egypt	29.4	34.5	36.7	41.8	44.0
Ghana	0.2	0.1	0.1	0.1	0.1
Tunisia	5.6	5.3	5.2	5.5	5.1
Zaire	1.0	1.1	1.2	1.6	1.7
Non-OPEC countries	49.7	57.1	62.8	74.0	77.3
All ECA member States	294.1	231.1	215.8	232.2	238.2

Sources: Oil and Gas Journal, various issues; *Mining Annual Review 1983* (London, Mining Journal, 1983); *International Financial Statistics*, vol. XXXVIII, No. 12 (December 1985); *Heti Vilaggazdasag*, vol. VIII, No. 5 (1 February 1986); ECA secretariat.

[a] Preliminary figures

261. The extent of the slack in the oil market can be seen from the fact that estimated total oil production in developing Africa in 1985 is only 80.7 per cent of the 1980 level. Lower demand has also adversely affected prices, which fell from their peak 1982 level of $35.49 (for Libyan crude) to about $30 in 1985 on average. The pressure was felt as early as January 1985, when OPEC members agreed to a two-tier pricing structure, which was soon to be followed by a series of unilateral price cuts. Calls for quota discipline went unheeded. The downward pressure on oil prices temporarily eased towards the end of 1985, as a result of a surge in demand arising from the need for supplies for the northern hemisphere winter. By the end of the year OPEC oil production was estimated at between 17.3 million and 17.7 million barrels a day, compared to less than 15 million barrels a day early in the third quarter. However, prices are expected to fall to below their 1985 level towards the end of the first quarter of 1986, as demand falls.

(*b*) Electricity

262. Electricity production has been regularly rising in many countries, mostly in response to industrial demand. This trend is particularly evident in the major oil and mineral producers. In the remaining countries electric power development is more often than not affected by shortages of inputs arising from foreign exchange difficulties. In Ethiopia and Ghana electricity genera-

tion declined as a direct consequence of the drought, which seriously hampered generation from hydroelectric sources. Table VI.6 gives details of electricity production in some African countries.

Table VI.6. Electricity production in selected African countries, 1980-1984 (Gigawatt-hours)

	1980	*1981*	*1982*	*1983*	*1984*
Algeria	6 216	6 252	8 136	9 108	. . .
Botswana	473	430	508	584	598
Cote d'Ivoire	1 740	1 908	1 944	1 968	1 644
Egypt	18 520	18 590	19 211	. . .	. . .
Ethiopia	. . .	. . .	750	740	710
Ghana	5 346	5 376	4 980	2 592	1 788
Kenya	1 490	1 754	1 804	1 904	1 949
Libyan Arab Jamahiriya	4 836	5 604	6 000	7 152	7 900
Madagascar	336	337	343	360	378
Malawi	384	384	408	444	. . .
Mauritius	328	362	343	371	384
Morocco	4 957	5 366	5 691	6 185	6 402
Nigeria	5 300	7 777	8 304	8 496	. . .
Senegal	630	606	633	695	724
Sudan	935	989	927	1 084	976
Togo	17	19	23	29	28
Tunisia	2 424	2 676	2 736	2 904	3 420
Uganda	634	516	560	516	. . .
United Republic of Tanzania	763	823	825	856	826
Zaire	4 228	4 302	4 403	4 712	5 394
Zambia	9 204	9 792	10 584	10 068	9 804

Sources: Monthly Bulletin of Statistics, vol. XXXIV, No.11 (November 1985); ECA secretariat.

263. Many countries have embarked on integrated electric energy development programmes, notably Kenya, the Sudan, Uganda and the United Republic of Tanzania. The Tanzanian Government, for instance, is currently considering a programme for intensified hydrocarbon exploration, construction of a 132-kilovolt power line to Bukoba from Masaka in Uganda, and rehabilitation of national power generation, transmission and distribution.

(*c*) Coal

264. Coal production remained around its 1984 level of some 4.8 million tons, mostly accounted for by Botswana.

(*d*) Uranium

265. Uranium production continued to fall, from a peak of 9,352 tons in 1981 to 9,013 tons in 1982, 8,146 tons in 1983 and 7,984 tons in 1984. Prices followed suit, albeit in an irregular fashion. The lower prices have been a severe blow to the Niger, which had predicated its investment drive on uranium export revenues.

6. Energy policies and prospects

266. African OPEC members, though suffering from the slack in the oil market, are intensifying their exploration efforts. The pursuit of this policy has in the past enabled them to maintain production levels and their high level of investment. However, there has been a wide variety of reactions to the falling oil market. Some countries, like Nigeria, have embarked on an aggressive marketing campaign in a bid to enhance sales, while others, like Algeria, have deliberately limited their export volumes for the the sake of future oil production. Algeria has also come to rely more and more on gas production and the export of refined oil products, which are not subject to OPEC quotas. On the fundamental issue of whether to observe OPEC limits on production, there has been a strong tendency among OPEC members to try to secure the greatest possible market share for themselves. Nigeria secured a rise in its quota, which was supposed to be temporary but has become quasi-permanent.

267. At all events, in present market conditions OPEC has little room for manoeuvre and is being forced to follow the market trend. Its decision in December 1985 to defend its market share even at the cost of lower prices serves to confirm the changed circumstances of the oil market. Non-OPEC producers like Angola, Cameroon, Congo and Egypt have also been exposed to the market changes. However, most of them have been able to increase production, particularly Angola. Egypt, which is now a major African producer, has encountered difficulties and has had to modify its prices in order to take advantage of fluctuations in demand: overall its revenue position in 1985 was not favourable.

268. Net oil importers are taking measures to diversify their energy sources, particularly by turning to hydroelectricity, and to conserve energy. Measures to enhance capacity are being adopted together with organizational changes designed to increase the efficacy of public sector electricity management bodies.

B. Mining

1. Introduction

269. Non-fuel mining is an important activity in a number of African countries. While its domestic linkages are not particularly strong, its importance emanates largely from its being a major source of foreign exchange and government revenue. In the Central African Republic, Morocco and the Niger a single commodity (diamonds, phosphate rock and uranium respectively) accounts for a major proportion of exports, which, together with the fact that the bulk of mineral production is exported, makes for extreme vulnerability to external demand. In Zaire and Zambia the

mining sector contributes more than 80 per cent of export revenues (mainly from copper), and the economies are almost entirely dependent on mineral exports. There are few if any African countries where extensive mineral exploration has been carried out: lack of local expertise and poor profitability prospects have hampered mineral exploration and exploitation.

270. The recent deterioration in the economic situation of many of the mineral-dependent countries, stemming from the fall in external demand and the associated foreign exchange constraints, has affected the purchase of production inputs. As a consequence many modernization programmes have been put off, and new investment curtailed.

2. The mining scene in 1984-1985[3]

(*a*) Production

271. Demand conditions in the OECD countries, the main markets for Africa's minerals, have been the main factor in the evolution of mining. Demand has been generally weak: not only are the OECD economies growing at a slower rate than in the past, but technological changes have intervened to lower mineral consumption substantially. New materials have been substituted for traditional ones; production processes have improved, and are requiring less mineral input than previously. Steel, for example, faces competition from aluminium and even plastics, while improved technology is reducing the steel content in steel-based products.

272. As can be seen from table VI.7, production levels for most minerals were lower in 1984 than in 1980. Between 1983 and 1984, copper fell by 3.4 per cent, gold by 2.8 per cent, lead by 3.8 per cent, phosphate by 8.3 per cent, uranium by 2.0 per cent and zinc by 1.0 per cent. In the case of gold, uranium and zinc this trend has been gaining momentum for the past three years. Production of tin in particular has been sliding continuously; in 1984 it stood at only about 70 per cent of its level in 1980.

273. However, a rough index of mining production indicates that production in developing Africa grew by 5.3 per cent in 1984 after a rise of 2.5 per cent in 1983. The improvement was due to strong gains made in 1984 by cobalt, diamonds, iron ore and manganese, which contribute substantially to overall mineral production. In 1985 conditions do not seem to have improved, except for cobalt and diamonds, for which good results were recorded. A look at the situation in the main mining countries corroborates these trends. In Zaire, mining production (which includes metal production) increased by 4.3 per cent in 1984, and in Zimbabwe a gain of 5.4 per cent was achieved after stagnation in 1982 and 1983. However, in Zambia production fell by a full 10 per cent in 1984. Mining production in Zaire is reported to have fallen by 1.4 per cent in the first half of 1985, while the sector remained depressed in Zambia. Among the major producers, only Zimbabwe recorded an improvement in its mining production.

Table VI.7. Mine production in developing Africa, 1980-1984

	Unit[a]	*1980*	*1981*	*1982*	*1983*	*1984*
Aluminium	th	350.7	373.9	394.1	260.1	263.0
Bauxite	th	14 860	13 613	12 531	13 865	13 986
Chrome	th	723	661.3	556.6	556.4	590.0
Copper	th	1 146	1 187	1 146	1 114	1 076
Lead	th	137	150	179	158	152
Manganese	th	1 392.2	1 090.8	969.0	1 217.7	1 385.8
Nickel	th	30.2	33.9	31.7	38.7	39.1
Phosphate	th	28 820	29 820	25 910	29 361	31 049
Tin	th	9.3	8.8	7.4	6.9	6.5
Zinc	th	158.6	178.5	202.1	176.6	174.9
Antimony	t	699.0	667.0	1 078.0	597.0	1 010.0
Cobalt	t	17 867	13 788	8 117	7 789	13 683
Gold	t	33.2	38.6	30.6	28.2	27.4
Mercury	t	841.0	860.0	790.0	800.0	800.0
Silver	t	291.9	293.0	291.9	333.0	340.3
Uranium	t	9 172	9 352	9 013	8 146	7 984
Iron ore	m	34	35	31.6	29.7	31.5
Diamonds	th ct	25 100	22 700	23 040	24 750	31 534

Sources: World Metal Statistics Year Book 1985 (London, World Bureau of Metal Statistics, 1985); ECA secretariat.

[a] th = thousands of tons; t = tons; m = millions of tons; th ct = thousands of carats.

(*b*) Prices

274. Overall price indexes indicate sharp declines in mineral prices in 1984: the IMF index for metals, for example, fell by 7 per cent. In 1985, however, the overall trend in prices was more stable, and in the third quarter the IMF index was back to the 1984 level. A price index for Africa calculated by ECA shows a steep fall of 8.9 per cent in mineral prices in 1984, followed by a further drop (of 5.4 per cent at an annual rate) in the first eight months of 1985.

275. Except for nickel, practically all minerals have suffered from declining prices, often for several years in a row (see table VI.8). It is to be noted that while the prices of some commodities are falling moderately, those of lead, phosphate and silver are falling at alarming rates. The silver price in 1985, for instance, stood at only 23.3 per cent of its level in 1980. The price of cobalt, which averaged $25.10 per pound in 1980, was down to only $11 in 1984, recovering only slightly to $12 in 1985.

[3] Coal and uranium are discussed briefly in Section A above.

276. The decline in mineral prices and export volumes has greatly affected foreign exchange earnings from these commodities. Other losses have been due to wide-scale smuggling of precious stones, most strongly affecting Angola, the Central African Republic, Sierra Leone and Zaire.

Table VI.8. Mineral prices, 1980-1985 (Dollars)

	Unit	*1980*	*1982*	*1983*	1984	*1985[a]*
Cobalt	Pound	25.1	12.9	12.51	13.35	12.0
Copper	Pound	1.01	0.72	0.78	0.67	0.67
Lead	Pound	0.42	0.36	0.22	0.26	0.19
Nickel	Pound	2.96	2.19	2.12	2.16	2.20
Tin	Pound	7.68	5.86	6.01	5.68	5.39
Uranium	Pound	50.66	34.09	33.69	31.04	29.60
Zinc	Pound	0.37	0.39	0.41	0.48	0.43
Bauxite	Ton	212.45	179.54	164.95	164.95	164.28
Iron ore	Ton	27.24	26.21	23.97	23.94	22.00
Manganese	Ton	155.25	164.12	151.82	143.64	140.27
Phosphate	Ton	44.96	41.79	37.92	38.25	33.50
Gold	Ounce	612.95	375.00	425.00	360.46	358.7
Silver	Ounce	26.63	7.94	11.44	8.14	6.20
Diamonds	Carat	55.94	54.22	50.88	44.36	38.99

Sources: World Metal Statistics Year Book 1985 (London, World Bureau of Metal Statistics, 1985); *International Financial Statistics*, vol. XXXVIII, No.12 (December 1985); ECA secretariat.

[a] Average January-August 1985.

3. Review of selected commodities

(*a*) Diamonds, gold and silver

277. Production of diamonds increased substantially from 24,750 thousand carats in 1983 to 31,534 thousand carats in 1984, as a result of rising production in Botswana, the Central African Republic and Zaire. In the Central African Republic this was brought about by tax reductions and reorganization of the mineral sector. In Zaire, diamond production benefited from liberalization of the diamond trade and the lowering of taxes on diamond exports. Diamond prices have been sliding since 1980, but the price variations from as little as $7 per carat for industrial diamonds in Zaire to as much as $100 per carat for gems in Sierra Leone can make averages very misleading. In Botswana 1984 prices were 18.7 per cent down on 1983, and new falls were recorded in early 1985.

278. Gold production was badly hurt by the low prices on the international market. Gold prices fell 15 per cent in 1984 and remained low, though they recovered somewhat starting from the third quarter of 1985 because of the depreciation of the dollar. Silver prices, which fell to $6.20 an ounce in 1985, are expected to fall to about $5.50 an ounce in 1986 and decline still further in 1987.

(*b*) Copper

279. Copper production fell by 3.4 per cent in 1984, and may have fallen by a further 1.7 per cent in 1985. Production in Zaire is now stable, with no immediate prospects of growth, because of capacity limitations and obsolescent equipment. In Zambia, production is constrained by maintenance problems and declining ore quality. Moreover, a strike affected production in 1985, which was reported at only 251.500 tons for the first six months. Prices in 1985 remained at their 1984 level of $0.67 per pound, about 66 per cent of their 1980 level. Zaire and Zambia, the two main producers, have been severely affected by price stagnation at this low level. While Zaire is expected to maintain its level of production in the medium term, with an eventual increase in the longer term, Zambia faces more serious difficulties. It is currently implementing a costly rehabilitation programme which is hampered by acute foreign exchange shortages. Moreover, there are indications that many Zambian mines will be depleted in the next 15 years.

(*c*) Iron ore

280. In 1984 iron ore production rose by about 6.0 per cent to regain its 1982 level. Prices, however, weakened to about $22 a ton, lower than in the early 1980s.

281. Iron ore is produced by eight African countries at higher than average costs, and accordingly faces intense competition from large producers like Australia and Brazil. Liberia, a major exporter, has been seriously affected by the adverse developments in the world iron ore markets. In 1984, its production increased by 7.6 per cent to 16.9 million tons, but as a result of the decline in prices earnings increased only marginally from $267 million in 1983 to $279 million in 1984, when iron ore accounted for about 62 per cent of exports. Mauritania, which is highly dependent on iron ore exports, is now actively diversifying its economy while at the same time developing its iron ore deposits. Production rose significantly in 1984 with the opening of a new mine at El Rhein, and is estimated at 9.1 million tons against 7.4 million tons in 1983. This figure is still, however, below the 1974 peak of 11.7 million tons. Further development of the Guelbs deposits is expected to bring production up to about 15 million tons by 1990.

(*d*) Manganese ore

282. Demand for this commodity is closely tied to the steel industry, so that depressed demand for steel has greatly affected manganese prices in the recent past. In 1984 production of manganese ore in developing Africa rose for the second year running, but prices con-

tinued to weaken. In Gabon, the largest producer, excellent results were recorded, production rising to 1,950,000 tons from 1,762,000 tons in 1983. This was due to the opening of markets in China and the Union of Soviet Socialist Republics, though a good performance was also hoped for in 1985 because of an expected recovery in the Western steel industry.

(*e*) Phosphate rock

283. Morocco, Senegal, Togo and Tunisia account for about 97 per cent of the regional production of phosphate. Morocco is the world's largest exporter of phosphate rock, and possesses around a third of the world's reserves. It has undertaken considerable investment to double its processing capacity so as to produce the greatest possible range of phosphate-based products.

284. Though world demand for phosphate continued to improve in 1984, with world production increasing by nearly 5 per cent, there is still a substantial overcapacity which is holding prices down. African production is estimated to have risen by about 5.8 per cent in 1984. In Morocco production was reported at 21 million tons in 1984, 7.6 per cent up on the 19.8 million tons of 1983. In Senegal production rose by a considerable 50 per cent following the opening of the Industries Chimiques du Senegal complex in 1984, and this is expected to boost export revenues. In Togo production improved to 2.4 million tons from 2 million tons in 1983. In Tunisia a phosphate mine at Kef Eddour is expected to open in 1987 and produce some 1.4 million tons a year of washed phosphates.

(*f*) Lead and zinc

285. In 1984 lead and zinc followed the general downward trends in production and prices.

(*g*) Tin

286. The tin market is under pressure from huge stocks and declining consumption. Nigeria and Zaire are the only notable African producers, and like other tin producers were affected by the decision of the London Metal Exchange to suspend trading in tin in late June 1985.

(*h*) Bauxite

287. A single producer, Guinea, accounts for more than 90 per cent of total African production, and is also the principal world producer. World demand conditions were relatively favourable in 1984, but deteriorated in 1985, with accumulating stocks and falling prices. In 1984, Guinean production remained at the 1983 level, and first quarter results indicated no gains in 1985.

(*i*) Cobalt

288. Demand improved for cobalt in 1984, and remained good in 1985. By drawing on its stocks, Zaire was able to meet the higher demand, and its production rose sharply, to 9,600 tons in 1984 from 6,337 tons in 1983, with production in the first part of 1985 indicating continuing gains. In Zambia, the other African producer, production rose to 3,500 tons in 1984 from 2,500 tons in 1983. The rise continued in 1985, and production was reported to be 39 per cent up in the third quarter of the year. In 1985, Zambia's cobalt-refining capacity was increased, and its production capacity is now reported at 5,000 tons.

289. In 1984 prices rose to the $11.30-$11.40 per pound range, double the $6 prevailing at the beginning of the year. In 1985, favourable prices were maintained, with the level at around $12 by the end of the year.

C. PROSPECTS FOR 1986

290. In 1985, apart from cobalt, diamonds and phosphates, there was a general fall in mining production. This trend accelerated by the end of the year, with sharp cuts in prices. The probable slow-down in the industrialized economies in 1986 will depress demand for minerals further and add to the difficulties facing African producers. Moreover, technological changes continue to lower demand for minerals. In fact, only bauxite and cobalt are likely to have good results in 1986, with the other minerals in surplus.

VII. FISCAL, MONETARY AND PRICE DEVELOPMENTS

291. This year an extensive review of the budgetary positions of all countries in the region provided the ECA secretariat with a clearer picture of their fiscal situation and its monetary and price implications. As a result the secretariat was able to prepare a data base which will significantly enhance the treatment of fiscal issues in years to come.

292. The unifying theme in the otherwise diverse fiscal experience of developing African countries is the recurring deficit, and its impact on capital expenditure. In the late 1970s the burden of adjustment fell on revenue-raising and cuts in current expenditure. However, the persistence of the deficit and the exhaustion of ways and means of making acceptable reductions in current expenditure shifted the burden to capital expenditure. This is a particularly disquieting development as the resulting lag in investment may raise pressure for adjustment in the future.

A. FISCAL DEVELOPMENTS

1. Revenue

293. Overall fiscal trends in 1984 and 1985 showed a slight improvement. In 1984, government revenue increased quite substantially in relation to GDP: as table VII.1 shows, the weighted average ratio of current revenue to GDP for developing Africa as a whole increased significantly from 23.3 per cent in 1983 to 26.9 per cent in 1984, followed by a smaller increase in 1985. However, both the ratio itself and the change in it are substantially influenced by a handful of African countries, notably Algeria and Egypt, which have maintained a high ratio of revenue to GDP and recorded relatively large increases in revenues, particularly in 1984. The median measure of the ratio of revenues to GDP registered only a marginal increase in 1984, to 22.3 per cent, and an actual decline to 22.2 per cent in 1985.

294. The reasons for the improved revenue performance in 1984 varied from country to country, although the recovery from the 1983 emergency situation seems generally to have buttressed revenue collection efforts. The oil-producing countries reported substantial increases in petroleum revenues as a result of either increased production and/or higher domestic petroleum tax rates or currency appreciation. In other countries the increase in government revenues in 1984 was generally due to the introduction of new and increased taxes, an improvement in tax collection systems and, in a few cases, increased customs revenue arising from import liberalization policies. The perceptible loss of momentum in 1985 was attributable to two main factors: tax reductions and/or concessions introduced to stimulate growth, and declines in export revenues resulting from decreases in the volume of exports and the slump in commodity prices. Some countries, such as Benin, faced special customs revenue problems owing to policies in neighbouring countries that adversely affected the flow of trade.

Table VII.1. Major fiscal indicators in developing Africa, 1984-1986 (Percentage)

	1984	*1985*	*1986 (projected)*
Current revenue/GDP	26.9	27.3	29.0
Proportion of current revenue contributed by:			
Indirect taxes	33.3	45.1	39.1
Taxes on international trade	14.0	28.6	19.1
Total expenditure/GDP	35.2	35.5	38.2
Current expenditure/GDP	20.9	20.9	23.2
Proportion of currrent expenditure allocated to:			
Education	15.9	17.4	16.1
Health	4.0	5.2	4.9
Agriculture	3.5	9.8	4.5
Transport and communications	1.3	3.5	1.8
Public debt service	20.4	37.6	35.3
Capital expenditure/GDP	14.4	14.6	15.0
Overall deficit/GDP	6.9	10.6	8.7
Proportion of deficit			
Externally financed	33.1	35.0	29.4
Domestically financed	66.7	65.0	59.7

Source: ECA secretariat.

295. The structure of revenue continued to be characterized by the preponderance of revenues from indirect taxes and levies on international trade. However, in 1984 increasing revenue from royalties and petroleum taxes led to a drop in the share of indirect taxes in total revenue for developing Africa as a whole to 33.3 per cent. In 1985 the trend was reversed, and indirect taxes accounted for as much as 45 per cent of the total revenues of the region. Revenue from taxes on international trade also increased in importance in 1985, reaching an all-time high of 28.6 per cent of total government revenues.

2. Expenditure

296. Government expenditure for developing Africa as a whole continued to grow faster than the nominal value of output. After a steep rise in 1984, the weighted average ratio of total government expenditure to GDP increased less sharply in 1985, mainly as a result of the

success of the austerity measures adopted in many African countries. In both 1984 and 1985 the faster increase in government expenditure than in GDP was largely due to increase in current expenditures as capital outlays for developing Africa as a whole remained more or less stagnant.

297. Current expenditure seems to have increased faster in 1984 than in 1983. The weighted average ratio of current expenditure to GDP increased by more than a percentage point; in 1985, the ratio remained unchanged, mainly as a result of faster growth in GDP. For most African countries, the burden of expenditure control was felt by the capital budget, and the ratio of capital expenditure to GDP declined from 14.6 per cent in 1983 to 14.4 per cent in 1984.

298. Most African countries introduced new policies or reinforced old ones aimed at reducing budget deficits, notably through the control of government current and capital expenditure. There were many areas of fiscal policy convergence during 1984 and 1985, including: (*a*) the freezing of salaries and wages, coupled with selective recruitment in the public sector; (*b*) reductions in subsidies and the rationalization of public sector operations to reduce losses; (*c*) the setting of ceilings on public expenditure and deficits; and (*d*) restrictions on the granting of domestic credit to the private and public sectors. The Gambia, for example, instituted innovative expenditure control policies involving direct payment by recipients of such services as education and health.

299. However, the various austerity programmes had limited success in 1984 and 1985, because of a variety of adverse factors. Many countries found that servicing their public debts imposed a serious burden on the level of public expenditure. In the first place, external debt obligations coupled with substantial depreciation of local currencies caused a large bulge in government expenditure. This problem is likely to remain a serious impediment to the success of budget-balancing efforts in most African countries. Secondly, especially in 1984, some countries continued to incur expenditure to alleviate the lingering effects of the drought. Thirdly, many countries continued to suffer from inflationary pressures which tended to push public expenditure well beyond estimated levels. Lastly, for a number of countries higher recurrent expenditure became inevitable as a result of security problems.

3. Budget deficits

300. The public budgets of most African countries remained in deficit in both 1984 and 1985. For developing Africa as a whole the ratio of the budget deficit to GDP declined slightly in 1984, but in 1985 there was a leap in the ratio despite numerous adjustment measures taken to raise revenue and cut expenditure. In the Central African Republic, the Gambia, Ghana, Morocco, the Sudan and Zaire, the austerity measures formed part of adjustment programmes for which external resources were to be made available by or through IMF. In other countries, including Egypt and Nigeria, the austerity programmes were internally generated. Expenditure-reducing measures in Nigeria involved pay cuts of up to 15 per cent for civilians and up to 20 per cent for military personnel, as well as reductions in numbers of staff. In addition to the expenditure cuts, revenue-raising measures are being put into effect, the most important of which is the increase in petroleum prices. In Egypt, subsidies are being drastically reduced, and tax collection is being intensified. However, these deficit-reducing measures were more than offset by the fact that other countries were obliged to increase expenditure.

301. The financing of deficits continued to be characterized by considerable internal borrowing, especially from the banking system. The 1984 share of 66.7 per cent compares unfavourably with 1983, when 40 per cent of the deficit was financed from external sources, including a large proportion of grants and disaster relief assistance. Such heavy recourse to the banking system produced adverse effects on the monetary situation of many African countries, as outlined below.

B. MONETARY DEVELOPMENTS

302. The monetary aggregates continued their upward trend. Money supply (defined as currency outside banks plus net demand deposits) increased by 12 per cent in 1984, while the volume of money (defined as money supply plus savings and time deposits) increased by a hefty 23 per cent.

303. The rate of increase in the money supply (see table VII.2) was about a third of the 1980 rate, and not very far off the 8.5 per cent average of the two previous years.

Table VII.2. Growth rate of monetary indicators (Weighted averages in percentage terms using average 1980 exchange rates)

	1980	*1981*	*1982*	*1983*	*1984*
Foreign assets (net)	60.0	29.0	-100.0	374.0	9.0
Domestic credit	15.0	54.0	32.0	20.0	22.0
Public	-3.0	172.0	62.0	14.0	28.0
Private	32.0	42.0	36.0	18.0	9.0
Money supply (M1)	33.0	16.0	8.0	9.0	12.0
Quasi-money	32.0	19.0	20.0	18.0	20.0
Volume of money (M2)	24.6	28.0	16.5	13.4	22.6
Other items (net)	16.0	-3.0	43.0	32.0	-18.0

Sources: International Financial Statistics, vol. XXXIX, No. 1 (January 1986), and ECA secretariat.

304. The pressure on the money supply originated in the main from domestic credit, which increased by 22

per cent over the previous year's level. This rate of growth was very close to the previous year's 20 per cent. However, there was a most noticeable shift in the allocation of credit between the public and private sectors. While private sector borrowing from the financial institutions increased by only half of the previous year's rate, public borrowing increased as fast. The inordinate increase in credit to the public sector stemmed from the shift in the source of financing the deficit from external to internal sources.

305. Domestic financing of the deficit would not necessarily have increased money supply had it not been for the limited range of alternatives to the central bank available to Governments. This is due to the fact that domestic capital and money markets are either non-existent or have yet to develop to the level where they could satisfy Governments' borrowing requirements. Some countries, notably Zaire, are developing an alternative to central bank financing by selling government instruments of debt such as bonds and treasury bills to the public, but by and large the amounts raised are too small to have a perceptible effect on the money supply. The development of capital and money markets is an important area in which government intervention is required.

306. As table VII.3 indicates, the rate of growth of the money supply in recent years has ranged from less than zero to more than 30 per cent.

Table VII.3. Developing Africa: Frequency distribution of countries according to the rates of growth of money supply (M1), 1980-1984

Percentage growth rate	*1980*	*1981*	*1982*	*1983*	*1984*
Less than 0	2	3	8	8	2
0 to less than 5	3	3	1	2	2
5 to less than 10	6	4	3	5	8
10 to less than 15	5	3	11	8	6
15 to less than 20	1	3	3	5	6
20 to less than 30	7	9	4	2	4
30 and above	9	8	3	3	5
Total	33	33	33	33	33

Sources: As for table VII.2.

307. The five countries with high growth rates in money supply were Uganda (126 per cent), Ghana (61 per cent), Chad (60 per cent), Sierra Leone (35 per cent) and Malawi (34 per cent). The money supply declined in two countries in 1984 (the Gambia and the Libyan Arab Jamahiriya) as a result of policies aimed at stabilizing prices. The impetus for the adoption of these policies was of external origin in both cases. In the Gambia the clamp-down on expenditure through a tighter monetary policy stemmed from an agreement with IMF. In the case of the Libyan Arab Jamahiriya, the decline in foreign assets caused by the fall in oil revenues forced the authorities to stabilize expenditure, entailing a small decrease in money supply.

308. While domestic credit is an important determinant of money supply, foreign assets also play an important role. For example, in Botswana, Cameroon, Lesotho and Malawi, the increase in money supply was entirely due to the increase in foreign assets. The Governments in these countries were either net depositors in the banking system or repaid their internal debt, but the increase in credit extended to the private sector was not sufficient to offset the decrease in public sector credit, or at best exerted only very weak pressure on the money supply. Although for the region as a whole the money supply increased faster than GDP, in the Central African Republic and Gabon the reverse occurred, despite the near-doubling of foreign assets.

309. In Ethiopia, Kenya and the United Republic of Tanzania and many other countries, the decrease in foreign assets forced the Governments to increase their domestic indebtedness, thus increasing the money supply.

310. In Malawi a potential increase in money supply was mitigated by an increase in the rate of interest, as a result of which domestic credit declined, although the money supply nevertheless increased inordinately. In Kenya, the sluggish economic performance made it necessary to cut the interest rate to encourage private sector borrowing.

311. Institutional and administrative changes were introduced in Mali and the Sudan. Mali rejoined the West African Monetary Union in mid-1984. In the Sudan, under the islamicization of the banking system, interest-bearing assets were pooled into profit-sharing schemes.

C. PRICE DEVELOPMENTS

312. Developing Africa continued to suffer from increasing prices (see table VII.4). In 1984 the consumer price index increased at a rate of 19 per cent, which, though lower than the 23 per cent of 1983, was still too high for comfort. In 1985 the rate of price increase is expected to moderate as a result of the stabilization measures being adopted by various Governments.

Table VII.4. Evolution of prices in developing Africa, 1982-1985 (Percentage change over previous year)

	1982	*1983*	*1984*	*1985*[a]
Weighted average	18.7	22.5	19.0	13.8
Unweighted average	12.5	18.5	20.5	12.5

Sources: As for table VII.2.
[a] Based on the first three quarters

313. As in previous years, the pressure on prices emanated from both the demand and supply sides. Aggregate demand continued to outstrip aggregate supply, despite government efforts to curb demand and expand supply. On the supply side, many countries suffered

from drought, with the result that output of goods - and especially food - was much lower than required.

314. External factors also contributed strongly to the increase in prices. Depleted foreign exchange reserves made it difficult to augment the domestic supply of goods and services by means of imports by an amount sufficient to stabilize prices. Higher import prices were also instrumental in increasing domestic prices. In 1984, three countries suffered inflation of more than 50 per cent - Sierra Leone (66 per cent), Somalia (92 per cent) and Zaire (52 per cent). During the first three quarters of 1985, Sierra Leone (93 per cent) was the only country with a very high rate.

315. The deflationary policies pursued in some countries paid off in terms of price stability, but at the cost of lower economic activity. This was true of Côte d'Ivoire, Kenya, and the Libyan Arab Jamahiriya, where government expenditure was decreased in the hope of containing prices.

Table VII.5. Frequency distribution of the rate of increase in prices in developing Africa, 1982-1984

Number of countries *Percentage rate of increase*	*1982*	*1983*	*1984*	*1985*[a]
Less than 0	—	1	1	2
0 to less than 5	3	3	4	5
5 to less than 10	6	11	10	9
10 to less than 15	17	8	10	7
15 to less than 20	3	4	1	3
20 to less than 25	3	2	4	2
25 to less than 30	2	1	—	1
30 to less than 35	2	1	—	—
35 to less than 40	1	1	3	—
40 to less than 45	—	—	—	—
45 to less than 50	—	—	—	—
Above 50	—	3	3	1
Total	37	35	36	30

Source: International Financial Statistics, vol. XXXIX, No. 1 (January 1986).

[a] Based on the first three quarters.

VIII. THE EXTERNAL SECTOR

A. EXPORTS AND IMPORTS

316. The value of Africa's exports declined by 4.8 per cent in 1985 to $71.7 billion. The volume of exports increased marginally, while export prices fell by 5.1 per cent. There is a possibility that in 1986 Africa will experience the biggest fall in export prices for at least 30 years.

317. The value of Africa's imports declined by $10 billion in 1985 to $72.4 billion. The fall was mainly caused by lower volume, although prices also declined. In 1986 import prices should rise after falling for five years, but the volume of imports is likely to decline again, although the expected fall will be the smallest for four years.

318. Africa's trade deficit, which stood at about $7.0 billion in 1984, declined significantly to $0.7 billion in 1985. The improvement was achieved despite falling exports and deteriorating terms of trade. In 1986 Africa's trade deficit is expected to increase substantially after three years of shrinking.

319. Oil exporters accounted for 65 per cent of Africa's total exports in 1985, when their combined exports fell by 6.6 per cent. However, Angola and Cameroon performed well: the value of their exports increased by 9 per cent and 50 per cent respectively. Angola became the fifth biggest oil exporter in Africa, replacing Gabon, and is now heading for third place, before Egypt and Algeria. Following the OPEC ministerial meeting in December 1985, African oil exporters, OPEC and non-OPEC members alike, face a sharp and substantial fall in their export earnings in 1986. Their terms of trade will decline by 23 per cent, one of the biggest one-year falls ever.

320. The value of exports from developing Africa was at least 5 per cent lower in the first half of 1985 than in the same period in 1984. Estimates for the second half of the year show improvements over both the first half and the corresponding period in 1984. The value of developing Africa's imports fell almost as steeply as the value of exports in the first half of 1985, and in the second half of the year the contraction accelerated (for details see table VIII.1). The value of developing Africa's exports in 1986 is forecast to be less than half of the peak value of 1980, and lower than in 1978.

321. Exports from sub-Saharan Africa stagnated at $27.2 billion, while imports into sub-Saharan Africa fell by 8 per cent in 1985. The value of imports declined because of falling import prices and the lack of foreign exchange. The trade deficit of sub-Saharan Africa improved in 1985 to $1.6 billion. Tables VIII.2 and VIII.3 show the value of exports and imports of some developing African countries between 1983 and 1985.

322. In the drought-affected countries the volume of exports stagnated in 1984 and 1985, while the volume of their imports fell by 3.6 per cent in 1984 and 2.6 per cent in 1985.

Table VIII.1. Merchandise trade of developing Africa, 1984-1986 (Percentage change over preceding year)

	1984	*1985*[a]	*1986*[b]
Value[c]			
Exports	4.5	-4.3	-16.9
Imports	-6.9	-7.9	0.1
Volume[d]			
Exports	5.2	0.5	3.2
Imports	-3.2	-5.4	-2.1
Unit value[c]			
Exports	-0.7	-4.8	-19.5
Imports	-3.8	-2.6	2.2
Terms of trade	3.2	-2.3	-21.2
Purchasing power of exports	8.6	-1.7	-15.1

Source: ECA secretariat.
[a] Preliminary estimates.
[b] Forecasts.
[c] In dollar terms.
[d] Measured in 1980 dollar terms.

323. Nigeria arranged several barter trade deals in 1984 and 1985. In September 1984 Nigeria supplied Brazil with 40,000 barrels of crude oil per day in exchange for building materials, chemicals, synthetic fibres, iron ore, paper, raw cotton, salt, soybeans, steel products, sugar, tyres and other items to the value of $500 million. In October 1985 Brazil was allowed to raise its imports to 50,000 barrels a day, although it requested more. Nigeria's share in Brazil's crude oil imports reached 27 per cent in the first half of 1985.

324. A special committee on barter trade was set up in September 1985 to examine the rationale and propriety of such arrangements. Its report warned that Nigeria was not yet equipped for barter trade "in its present form, formulation and implementation", but that the country could not ignore it as a growing medium of international trade.

325. In 1986 barter trade deals will be pursued selectively, and goods other than oil may be used to pay for imports. The projects for which barter has already been considered as a financing instrument include the planned fourth oil refinery at Port Harcourt, to be built by French and Japanese companies, and the Warri-Lagos gas pipeline, the contract for which was awarded to Italian firms. There are also prospects for some even

bigger projects, including the second phase of the petrochemical development programme, steel projects and a proposed liquefied natural gas scheme.

Table VIII.2. Exports from some African countries, 1983-1985 (Billions of dollars)

	1983	*1984*	*1985*[a]
Cameroon	1.0	0.9	1.2
Côte d'Ivoire	2.1	2.7	..
Egypt	3.2	3.1	..
Gabon	2.0	2.0	1.7
Ghana	0.4	0.6	0.6
Kenya	1.0	1.1	..
Libyan Arab Jamahiriya	11.1	11.1	9.9
Morocco	2.0	2.2	2.1
Nigeria	11.6	14.5	13.8
Sudan	0.6	0.6	0.4
Tunisia	1.9	1.8	1.6
United Republic of Tanzania	0.4	0.4	..
Zaire	1.1	1.0	..
Zambia	0.8	0.7	..
North Africa	30.0	30.8	28.3
Sub-Saharan Africa[b]	25.5	27.2	27.2
Oil exporters	45.6	49.6	46.3
Developing Africa[b]	55.5	58.0	55.5
Africa	74.1	75.4	71.7

Sources: International Financial Statistics, vol. XXXVIII, No. 12 (December 1985), and ECA secretariat.

[a] Preliminary estimates.

[b] Excluding the members of the Southern African Customs Union.

326. The Nigerian system of import licences continues in 1986. Priority is given to imports of agricultural chemicals, spare parts for agricultural machinery, raw materials and spare parts for manufacturing industry, machinery for processing locally produced agricultural materials and minerals, medicines and essential food items in short supply. Applications for licences must be made through the State Governments and passed on to the federal Ministry of Trade. In January 1986 a new category of licences was introduced which allows individuals to finance imports with their own foreign currency holdings without recourse to the Central Bank.

B. COMMODITY STRUCTURE OF TRADE

327. The commodity structure of developing Africa's trade is characterized by exports of primary products and imports of manufactured goods. There has been no recent improvement in this field, nor is there much prospect of a more balanced trade structure in the near future. Table VIII.4 shows the structure of foreign trade by commodity classes in 1983. The share of crude oil, processed petroleum, tropical beverages, mineral products and other primary commodities in exports was about 92 per cent, while the share of manufactures was about 8 per cent. The shares of primary products and manufactured goods in imports were 23 per cent and 67 per cent respectively. In 1984 and 1985 the cost of imports of crude oil and processed petroleum fell, and a further substantial fall is forecast for 1986. These price changes will push oil's share in the imports of developing Africa below 10 per cent.

Table VIII.3. Imports to some African countries, 1983-1985 (Billions of dollars)

	1983	*1984*	*1985*[a]
Algeria	10.4	10.3	8.9
Cameroon	1.2	1.1	..
Cote d'Ivoire	1.8	1.5	..
Egypt	10.3	10.8	11.0
Gabon	0.9	0.9	0.7
Ghana	0.6	0.6	0.7
Kenya	1.4	1.6	..
Libyan Arab Jamahiriya	7.4	6.7	5.7
Morocco	3.6	3.9	..
Nigeria	13.4	10.8	..
Sudan	1.4	1.4	..
Tunisia	3.1	3.2	2.7
United Republic of Tanzania	0.8	0.8	..
Zaire	0.5	0.7	..
Zambia	0.8	0.7	..
North Africa	34.8	34.9	32.2
Sub-Saharan Africa[b]	36.3	31.3	28.8
Oil exporters	48.3	45.5	..
Developing Africa[b]	71.1	66.2	61.0
Africa	86.8	82.4	72.4

Sources: As for table VIII.2.

[a] Preliminary estimates.

[b] Excluding the members of the Southern African Customs Union.

328. Developing Africa's share in world exports of capital goods is insignificant. Its share of world tractor exports is 0.02 per cent, and other investment goods have similar shares. There is little prospect of any improvement in exports of machinery and transport equipment in the remaining years of the decade.

329. There was a substantial increase in the value of exports of agricultural products from developing and sub-Saharan Africa in 1984. The growth rate for the latter was 11.7 per cent. Imports also increased, but to a lesser extent. For both developing and sub-Saharan Africa the balance of agricultural trade improved: the latter's surplus on agricultural trade increased by $500 million to over $2 billion in 1984.

Table VIII.4. Exports and imports of developing Africa by commodity classes, 1983 (Percentage)

	Exports	*Imports*
Food, beverages and tobacco	11.9	15.8
Oils, fats and other crude materials excluding fuels	9.2	6.4
Mineral fuels and related materials	70.8	10.8
Chemicals	1.7	7.5
Machinery and transport equipment	0.6	37.1
Other manufactured goods	5.8	22.4
Total	100.0	100.0

Source: Calculated from *Monthly Bulletin of Statistics*, vol. XXXIX, No. 5 (May 1985), pp. xxxiv-lxi.

330. Africa's coffee exports rose by 13.8 per cent in 1984 to $2.4 billion; the increase was wholly due to price improvements, as the exported quantity fell by 1.1 per cent to 922,000 tons. In 1984 Africa's share in world coffee exports fell to 21.8 per cent compared with 23.2 per cent and 26.8 per cent in 1983 and 1982 respectively.

331. Africa's cocoa exports increased by 36.6 per cent in 1984 to $1.6 billion. The quantity also rose, by 7.8 per cent, to 807,000 tons. Nevertheless, Africa's share on the world market fell to 62.8 per cent in 1984 from 64.1 per cent and 65.5 per cent in 1983 and 1982 respectively.

332. In 1984 Africa's sugar exports declined by 14.5 per cent to $584 million. The volume also fell, by 7.6 per cent to 2.2 million tons. On the world market Africa's share in exports was 5.8 per cent in 1984, compared with 6.3 per cent and 6.6 per cent in 1983 and 1982 respectively. Africa is a net importer of sugar. Between 1982 and 1984 the annual average value of sugar imports was over $1 billion, while the average quantity was over 3.5 million tons. Considering Africa's position on the world sugar market, low sugar prices were beneficial to the continent as a whole.

333. Tobacco exports were up in 1984. Malawi's exports increased by 36.5 per cent to $160 million, while volume grew by 55 per cent to 69,000 tons. Zimbabwe also exported more. As a result Africa's share of total world exports was 10.3 per cent, 1 percentage point higher than in 1982 and 1983.

334. Africa exported 201,000 tons of tea in 1984 and earned $445 million, 47.5 per cent more than in 1983. This quantity, representing 15.2 per cent of world exports, was down from 15.4 per cent and 16.5 per cent in 1983 and 1982 respectively. Africa's tea imports increased by 27.3 per cent in value, to $366 million.

335. The continent imported 31.2 million tons of cereals (including flour) in 1984, almost 20 per cent more than in 1983. The value of the 1984 cereal imports was $6.1 billion, 18.3 per cent more than in 1983. This amount, the largest item in Africa's agricultural trade, represents 14.5 per cent of total world imports. The corresponding figures in 1983 and 1982 were 12.9 per cent and 13.1 per cent. Egypt was by far the biggest importer in Africa, with 8.6 million tons in 1984. Only three countries in the world imported more: the Soviet Union, Japan and China. Kenya's imports increased by 350 per cent in 1984 to 560,000 tons, the biggest relative increase in Africa that year.

336. The quantities of imported maize, wheat and wheat flour were particularly high. For example, Africa's share in total world wheat flour imports in 1984 was 59 per cent. Egypt's imports represented more than a quarter of the world total, and Algeria's share was almost 12 per cent. Together the two countries imported more than 2.5 million tons of wheat flour in 1984.

337. Nigeria imported 630,000 tons of rice in 1983 and about 400,000 tons in both 1984 and 1985. Since October 1985, when imports of rice were banned, there has been smuggling of rice into Nigeria. The 1985/86 rice crop is expected to reach a record high, and milled rice output will exceed 1 million tons, but this will be far short of demand. Fortunately the price of rice is politically less sensitive than that of bread.

338. The volume of exports of food from developing Africa was unchanged in 1984, as against a slight increase for the developing world as a whole. The volume of imports of food into developing Africa grew by 4.2 per cent, below the average increase of 5.1 per cent for all developing areas.

339. The role of energy products in Africa's economy has gradually changed over the past 30 years. Africa was a net energy importer until 1960, when its net energy imports stood at 8.8 per cent of production. Since 1961 Africa has been a net exporter of energy. The proportion of its energy output which was exported was 3.3 per cent in 1960, 87.0 per cent in 1970 and 71.4 per cent in 1980. Table VIII.5 illustrates the evolution of Africa's energy trade for the period 1963-1993 (for the structure and evolution of energy production and consumption in Africa between 1963 and 1993, see table VI.4).

Table VIII.5. Exports and imports of commercial energy in Africa, 1963-1993 (Millions of tons of oil equivalent)

	1963	*1973*	*1983*	*1993*
Exports	56.3	287.3	201.8	300.0
Imports	19.5	45.7	44.6	70.0
Balance	36.8	241.6	157.2	230.0

Sources: As for table VI.4.

340. Developing Africa's net exports of mineral fuels and related materials totalled about $32.9 billion in 1983, while trade in other crude materials and food showed a deficit of $3 billion. The surplus in the fuel trade has been decreasing year by year, and in 1983 was only 52 per cent of its value in 1980. Net imports of manufactured goods declined to $40.6 billion in 1983.

C. PRICES

341. In 1985 developing Africa's export and import prices fell again, as they have done each year since 1982. While the fall in the import price index was the smallest for five years, export prices fell more steeply, causing a worsening in the terms of trade.

342. In 1986, a modest increase in developing Africa's import price index in dollar terms is expected for the first time since 1980. The rise is likely to be accompanied by a dramatic fall in the unit price of exports, causing an unprecedented fall in both the terms of trade and the purchasing power of exports.

343. The price of crude oil fell in 1985. The price of one barrel of Suez blend was $27.50 in January, falling to $25.25 in July and increasing in September, October and December, to end the year at $26.70. The OPEC reference price of one barrel of Arabian light fell by $1 to $28, and while its spot price fluctuated widely, reaching its lowest point in June; in mid-December it stood at $28, exactly the same level as 12 months previously. The average spot price in 1985 fell by about $0.60 to $27.40 per barrel.

344. The price of copper improved slightly, but remained very depressed in 1985. In December 1984 it stood below $0.60 per pound, rising to $0.69 in May 1985, then easing again in the second half of 1985. The average price in September-October 1985 was around $0.62 per pound.

345. The price of coffee fell from $1.37 per pound in January 1985 to $1.18 by July. From September onwards there was a steady increase, and by the end of December the price had reached $2.41. By the beginning of 1986, coffee prices were at an eight-year high. The main reason for the increase was drought in Brazil, which is likely to reduce its 1986/87 harvest by about 15 million bags, but disruption of coffee marketing in Uganda also contributed to a small extent. In the fourth quarter of 1985 the International Coffee Organization raised quotas by 5 million bags to 63 million bags for the year 1985/86. A complete suspension of quotas was expected by mid-February 1986, as prices stayed well above $1.50 per pound.

346. In January 1986 the Inter-African Coffee Organization called for an immediate suspension of all export quotas established under the 1983 International Coffee Agreement, on the grounds that the sharp rise in prices was artificial and that there was enough coffee to meet the immediate demand. The main African coffee exporters feared that the rise in prices would depress consumption and thus adversely affect their future production.

347. Sugar prices fell to an all-time low in 1985. From less than $0.03 per pound in the middle of the year in New York they climbed to about $0.056 by November. These prices are well below both the floor price under the International Sugar Agreement and the cost of production.

348. The price of cocoa fell to $0.94 per pound by late June 1985 from its level of $1.22 in mid 1984. By September 1985 it stood about 9 per cent above the International Cocoa Organization's floor price at about $1.09.

349. The wholesale price of Egyptian cotton in Liverpool was unchanged during the first 10 months of 1985 at $1.653 per pound. The Liverpool index for cotton fell steadily from $0.72 per pound in December 1984 to below $0.50 per pound in October 1985. Price indices for some primary commodities of interest to Africa are given in table VIII.6.

Table VIII.6. Wholesale price indexes for selected export commodities, 1983-1985 (1980 = 100; in dollar terms)

	1983	*1984*	*1985*[a]
Crude oil, Libyan Arab Jamahiriya (Es Sidra)	86.1	84.1	84.1
Coffee, Uganda (New York)	84.3	93.9	83.8
Copper, United Kingdom (London)	72.9	63.0	65.0
Cocoa beans, Ghana (London)	80.1	91.5	84.4
Phosphates, Morocco (Casablanca)	82.1	85.1	75.4
Cotton, Egypt (Liverpool)	91.2	106.7	107.7
Sugar, EEC import price	79.5	72.6	71.8
Logs, Philippines (Tokyo)	72.1	80.5	68.9
Tobacco, United States (all markets)	130.1	130.2	130.7
Tea, average auction price (London)	104.3	155.2	89.2
Ground-nuts, Nigeria (London)	72.0	72.0	72.0
Ground-nut oil, West Africa (Europe)	82.8	118.4	105.8
Iron ore, Brazil (North Sea ports)	88.0	87.9	82.7
Gold, United Kingdom (London)	69.5	59.3	52.2
Sisal, East Africa (London)	73.7	76.2	75.3
Palm kernels, Nigeria (Europe)	86.0	125.0	89.2

Sources: As for table VIII.2.
[a] Preliminary estimates.

350. Tea prices suffered heavy losses, falling from $1.64 per pound in October 1984 to $0.71 in July 1985 but improving slightly to $0.79 by October. Tea exporters suffered substantial losses in 1985, but they were not so severe as those which affected coffee, cocoa and sugar exporters in 1982 and 1983.

351. Taking 1980 as the base year, Africa's terms of trade deteriorated in 1985 by 2.3 per cent, in sharp contrast to the improvement of 3.2 per cent in 1984. In both years the terms of trade of African oil exporters underwent more moderate change, improving by 1.7 per cent in 1984 and worsening by 2.1 per cent in 1985. In 1986, however, the oil exporters are likely to suffer a far worse deterioration than Africa as a whole.

352. The purchasing power of Africa's exports improved by 9.4 per cent in 1984, fell by 4.1 per cent in 1985 and will fall further in 1986. For African oil exporters the change was more favourable in both years than for the non-oil exporters, but this situation will be reversed in 1986.

353. The year 1986 is likely to bring substantial relief to non-oil-exporting Africa. Mainly as a result of higher

coffee and lower crude oil prices, their terms of trade will improve by 8.2 per cent. In 1977 and 1978 several coffee exporters spent heavily and incurred large debts; it is to be hoped that this experience will not be repeated in 1986 and 1987.

D. AFRICA'S SHARE IN WORLD TRADE

354. The continuous and rapid decline in Africa's share in world trade continued in 1985, as can be seen from table VIII.7. The year 1986 will see an even bigger fall, mainly in exports, and prospects in the medium and long term are also unfavourable.

Table VIII.7. Africa's share in world trade, 1983-1985 (Percentage)

	1983	*1984*	*1985[a]*
Africa[b]			
Exports	4.5	4.3	4.2
Imports	5.0	4.5	4.0
Developing Africa[c]			
Exports	11.2	11.1	11.0
Imports	13.8	12.9	12.6
Non-oil exporters[d]			
Exports	8.8	7.3	7.2
Imports	10.4	9.6	..

Sources: As for table VIII.2.

[a] Preliminary estimates.

[b] Africa's share in world trade.

[c] Developing Africa's share in the total trade of the developing world.

[d] Non-oil-exporting Africa's share in the total trade of the non-oil-exporting developing countries.

E. DIRECTION OF TRADE

355. In 1984, developing Africa increased its exports to the developed market economies by 5.5 per cent and those to the developing market economies by 36.8 per cent. Exports to the centrally planned economies fell by 22.5 per cent.

356. The developed market economies were the most important partners in the trade of developing Africa, accounting for three quarters of its total trade (see table VIII.8). The share of the developing world increased by almost 2 percentage points to more than a sixth of the total. The share of the centrally planned economies slightly declined, to a sixteenth.

357. In 1984 developing Africa was a net exporter to North and South America and Western Europe, and a net importer from Asia, the Soviet Union and Eastern Europe.

358. After several years of decline, intra-African trade increased by 15.6 per cent in 1984 to $2.7 billion. Despite this achievement it accounted for only 3.4 per cent of Africa's total trade, less than the share of any other developing region.

Table VIII.8. Direction of developing Africa's trade, 1984 (Percentage)

	Exports (f.o.b.)	*Imports (f.o.b.)*
Developed market economies		
Europe	60.6	53.9
United States	15.6	8.5
Others	2.7	9.0
Centrally planned economies		
USSR	0.7	2.7
Others	3.0	6.0
Developing market economies		
Africa	4.4	4.1
Americas	7.4	4.1
Asia	4.3	10.7
Not specified	1.3	1.0
Total	100.0	100.0

Source: Calculated from *Monthly Bulletin of Statistics*, vol. XXXIX, No. 6 (June 1985), pp. xviii-xxi.

359. The eighth session of the Conference of African Ministers of Trade was held in Brazzaville from 28 to 31 October 1985. The Ministers were gravely concerned that the share of intra-African trade in total world trade had progressively declined over the years and continued to do so. The Conference agreed on the following measures for promoting intra-African trade:

(*a*) Immediate action by all African countries to increase intra-African trade to 10 per cent of the world total by the end of 1995;

(*b*) Increased efforts to progressively reduce and eventually remove all trade and customs barriers to intra-African commerce, especially those affecting the cash crops specifically mentioned in the Lagos Plan of Action, by the end of 1995;

(*c*) Renewed efforts to support and strengthen the subregional institutions for trade promotion called for in the Lagos Plan of Action;

(*d*) Significant improvements in intra-African trade information and marketing systems and systematic monitoring and evaluation of trade performance by African countries;

(*e*) Firm commitments by all African countries to permit and encourage the free movement of African traders and economic operators for the purpose of promoting intra-African trade;

(*f*) Prompt action to regularize increased border trade, where necessary by creating "border free-trade zones" within which traditional operators may continue to function;

(*g*) Priority, where circumstances permit, to tenders for the provision of goods and services offered by or originating from other African countries;

(*h*) Increased use of African airlines and shipping lines for freight services and the transport of goods for intra-African trade;

(*i*) Appropriate pricing policies and other incentives designed to encourage domestic and intra-African trade, especially in food and food products. The commodity structure of intra-African trade is shown in table VIII.9.

Table VIII.9. Structure of intra-African trade, 1983

	Millions of dollars	*Percentage of total*
Food, beverages and tobacco	605	26.1
of which cereals	25	1.1
Oils, fats and other crude materials excluding fuels	332	14.3
of which:		
Animal and vegetable oils and fats	48	2.1
Oil seeds, nuts and kernels	14	0.6
Textile fibres	48	2.1
Crude fertilizers and minerals	23	1.0
Metalliferous ores and metal scrap	64	2.8
Mineral fuels and related materials	754	32.5
Chemicals	117	5.0
Machinery and transport equipment	98	4.3
Other manufactured goods	399	17.2
of which:		
Textile yarn and fabrics	83	3.6
Non-ferrous metals	65	2.8
Other items	14	0.6
Total	2 319	100.0

Source: Monthly Bulletin of Statistics, vol. XXXIX, No. 5 (May 1985), pp. xxxiv-lxi.

F. THE BALANCE OF PAYMENTS

360. The trade balance of developing Africa showed a small deficit in 1984 and an insignificant surplus in 1985 (see table VIII.10). The current account deficit has been shrinking every year since 1982. In 1985 it was about half the peak deficits experienced in 1981 and 1982. The improvement was caused by falling imports and accumulated trade arrears. The current account deficit was equivalent to about 21 per cent of exports and more than 4 per cent of GDP in 1985.

361. Net capital inflows stabilized in 1983-1985 at about $9.5 billion, and after four years of falling reserves there was an unexpected improvement of $2.2 billion in 1985. At the end of October 1985 reserves were sufficient to cover more than 11 weeks' imports.

362. The balance of payments of developing Africa is expected to deteriorate in 1986. Imports and debt service repayments continue to fall, accompanied by a dramatic decline in export earnings. As a consequence large deficits are expected in both the trade and current account balances. The amount of the deficits will be close to those of 1982. Despite an increase in capital flows, international reserves are likely to fall to their lowest level this decade, and at the end of 1986 will be sufficient to cover eight weeks' imports.

363. In 1986 Africa will export more coffee than previously and the prices will be substantially higher. As a consequence several coffee exporters (Cote d'Ivoire, Kenya, Madagascar and others) will be able to service their debt on time and increase their foreign exchange reserves.

364. Nigeria's balance of payments recorded an overall surplus in 1984 after deficits from 1981 to 1983. The external trade balance was in surplus in 1984, for the first time in four years. Stringent import control measures had the desired effect of cutting imports from N8,528.3 million in 1983 to N7,226 million in 1984. Exports, on the other hand, rose from N7,850.9 million in 1983 to N9,657.3 million in 1984, reversing the downward movement since 1981. The increase in exports was entirely accounted for by the oil sector, as non-oil exports continued to decline. With exports rising fast and imports declining equally fast, the surplus on the merchandise account was sufficiently large to more than wipe out the deficit on the non-merchandise account, to the extent that unprecedented surplus of N696.7 million was realized on the goods and services account. Smaller deficits were recorded on unrequited transfers in 1984, thus leading to a modest surplus on the current account. With the hardening of borrowing conditions in the international capital market, particularly for a country like Nigeria which refused to conclude a stand-by credit and adjustment programme with IMF, there was a drastic fall in the net inflow of capital, which dropped to almost nil in 1984.

Table VIII.10. Balance of payments of developing Africa, 1984-1986 (Billions of dollars)

	1984	*1985*[a]	*1986*[b]
Exports (f.o.b.)	62.7	60.5	53.0
Imports (f.o.b.)	63.5	60.0	59.0
Trade balance	-0.8	0.5	-6.0
Services and private transfers (net)	-14.1	-13.4	-14.0
Balance on current account	-14.9	-12.9	-20.0
Official transfers (net)	3.3	3.6	3.8
Capital (net)	9.7	9.7	12.0
Errors and omissions (net)	0.7	1.8	0.1
Total change in reserves	1.2	-2.2	4.1

Sources: As for table VIII.2.
[a] Preliminary estimates.
[b] Forecasts.

365. External reserves increased by 45.3 per cent from N798.5 million at the end of 1983 to N1,160 million at the end of 1984. However, outstanding trade arrears rose substantially above the 1983 level, as a result not

of 1984 transactions, but of transactions from earlier years, some of which dated as far back as 1978 but had only just come to the notice of the Central Bank in 1984.

366. With rapid growth in the country's external debt at a time when its foreign exchange earnings are declining, the question of servicing and rescheduling the country's debt has become urgent. Except for short-term trade arrears, the country continued to meet its obligations in 1984 under the existing external debt arrangements, including those covered by the refinancing agreements reached with the international banking community in July and September 1983, albeit with a strain on its resources. Following completion of negotiations for rescheduling trade debts owed to uninsured creditors, the issuing of promissory notes denominated in dollars and repayable over five years after a two-year grace period commenced. However, negotiations with the insured creditors and their credit insurance agencies stalled on the question of whether Nigeria would agree to an IMF stand-by credit and adjustment programme.

367. Nigeria's repayments on its external debt due in 1986 was estimated at between $5 billion and $6.5 billion, and without rescheduling of its debts, the Government would have to earmark between 42 and 59 per cent of its projected export revenue for debt service. As it would be fairly difficult to meet this obligation, Nigeria wishes to reschedule its medium-term and long-term debts, which are estimated at between $10 billion and $12 billion. In addition to this there are several billion dollars' worth of short-term insured and uninsured trade arrears. Faced with this situation, the Government has imposed a ceiling of N2.9 billion on the country's debt service for 1986. However, this amount is not even enough to cover repayments on the medium-term and long-term debt, and a statement made by the Minister of Finance can be interpreted to mean that the ceiling is a flexible one.

368. Egypt's balance-of-payments position worsened in 1983/84. The deficit on current transactions rose from 754 million pounds in 1982/83 to £E 1,075 million in 1983/84. This was largely due to a record deficit of £E 3,062 million on the trade account and a fall in the surplus on the services account. The surplus on the factor income account, however, increased from £E 983.4 million in 1982/83 to £E 1,098.5 million in 1983/84, but this was not enough to offset the above adverse developments.

369. More than a third of ECA member States had stand-by or extended arrangements with IMF as of the end of October 1985. The 16 countries benefiting from stand-by arrangements were: the Central African Republic, Côte d'Ivoire, Equatorial Guinea, Ghana, Kenya, Liberia, Madagascar, Mauritania, Mauritius, Morocco, the Niger, Senegal, Somalia, Togo, Zaire and Zambia. The total amount of the stand-by arrangements was 1.2 billion special drawing rights. Three countries (Ghana, Morocco and Zambia) accounted for more than half the total. In comparison, the combined amount of stand-by arrangements for the Philippines, the Republic of Korea and Thailand was SDR 1.3 billion, while Argentina received SDR 1.4 billion. Malawi was the only African country with an extended arrangement with IMF at end of October 1985, with an amount of SDR 81 million. At that date, more than half the IMF stand-by and extended arrangements were with African countries, but their combined share accounted for less than 10 per cent of the total.

370. Ghana's balance-of-payments deficit was forecast by the Bank of Ghana at $244 million in 1985 and $212 million in 1986. Ghana owes IMF SDR 567 million, and there is likely to be a net outflow to the Fund in 1986, as partial repayments on a SDR 238 million stand-by arrangement in 1983/84 fall due together with part of a 1983 compensatory financing facility drawing of SDR 188.7 million. As the 1984/85 stand-by arrangement for SDR 180 million expired on 31 December 1985, negotiations are expected on a new programme.

G. EXCHANGE RATES

371. There were volatile exchange rate movements in 1985. In the first two months of the year the value of the dollar rose, reaching about 10.50 French francs in late February. However, in the succeeding 10 months the franc appreciated by 40 per cent against the dollar, which finished the year at F7.50.

372. The CFA franc (pegged to the French franc) and the Gambian dalasi (pegged to the pound sterling) appreciated against the special drawing right in 1985, but many currencies lost in value even against the weakening dollar. The zaire was devalued by 25.6 per cent, and the Zambian kwacha lost 62 per cent of its value against the dollar.

373. The evolution of African currencies in 1985 (weighted by the value of exports in 1980) showed an average 7.8 per cent fall against the dollar, despite the fact that the currencies of half the African countries appreciated and those of six others were pegged to the dollar. The extent of the fall was the lowest since 1981; the forecast fall for 1986 is even smaller. The fall against the special drawing right, which appreciated against the dollar in 1985, was 16.9 per cent between the end of 1984 and the end of 1985.

374. On 6 October 1985 the Central Bank of Guinea announced a more realistic exchange rate of 0.72 sylis per CFA franc or 36 sylis per French franc applicable to the transactions of embassies, international organizations, hotels, the service sector and transfers by ex-

patriates. The aim of this devaluation was to help re-establish confidence in the national currency and increase the mobilization of internal and external resources necessary to finance the economy. New terms for foreign currency purchases were also set.

375. On 3 January 1986 a provisional two-tier exchange rate régime was introduced. A rate of 300 sylis to the dollar applied to transactions in the mining and public sectors, while the rate for private transactions was set at 340 sylis to the dollar. Two days later the Government announced the replacement of the syli by a new franc on a one-to-one basis. Weekly auctions of foreign exchange were expected to be introduced by the end of January 1986.

Table VIII.11. Exchange rates, 1983-1985 (Currency unit per special drawing right)

	Currency	*1983*	*1984*	*1985*
Algeria	Dinar	5.14	5.02	5.21
Botswana	Pula	1.21	1.53	2.22
Burundi	Franc	122.70	122.70	122.70
Djibouti	Franc	186.07	174.20	190.45
Egypt	Pound	0.73	0.69	0.75
Ethiopia	Birr	2.17	2.03	2.22
Gambia	Dalasi	2.89	4.24	3.71
Ghana	Cedi	31.41	49.01	64.29
Guinea	Syli	24.69	24.69	24.69
Kenya	Shilling	14.42	14.79	17.74
Lesotho	Maloti	1.28	1.95	2.76
Liberia	Dollar	1.05	0.98	1.07
Libyan Arab Jamahiriya	Dinar	0.31	0.29	0.32
Malawi	Kwacha	1.36	1.53	1.82
Mauritania	Ouguiya	59.71	65.96	81.75
Mauritius	Rupee	13.32	15.30	15.60
Morocco	Dirham	8.44	9.36	10.63
Nigeria	Naira	0.78	0.79	0.99
Rwanda	Franc	102.71	102.71	102.71
Seychelles	Rupee	7.23	7.23	7.23
Sierra Leone	Leone	2.63	2.46	5.74
Somalia	Shilling	18.36	25.49	43.52
Sudan	Pound	1.36	1.27	2.68
Swaziland	Lilangeni	1.28	1.94	2.76
Tunisia	Dinar	0.76	0.85	0.85
Uganda	Shilling	251.27	509.71	739.44
United Republic of Tanzania	Shilling	13.04	17.75	17.85
Zaire	Zaire	31.53	39.65	56.95
Zambia	Kwacha	1.58	2.10	7.50
Zimbabwe	Dollar	1.16	1.47	1.80
CFA countries	CFA franc	436.97	470.11	427.27

Sources: International Financial Statistics, vol. XXXVII, No. 7 (July 1984), vol. XXXVIII, No. 6 (June 1985), vol. XXXVIII, No. 12 (December 1985) and vol. XXXIX, No. 1 (January 1986).

Note: The above rates are mid-point rates at the end of December 1983, December 1984 and October 1985.

376. In 1985 the Uganda shilling was devalued by 56.3 per cent against the dollar, and stood at \$1 = USh 1,190 at the end of the year. This official rate compares with the black market rate of \$1 = USh 1,800 in mid-November. The devaluation was understood to have been welcomed by IMF, although little immediate progress can be expected on negotiating a new stand-by arrangement. The Government has initiated talks with the Fund, but a formal approach to start negotiations has yet to be made.

377. The Sudan devalued its currency against the dollar in February 1985, with changes of 48 per cent in the official rate and 31 per cent in the free market rate. The new rates were LSd 2.50 and LSd 3.00 to the dollar respectively. Since then only commercial banks have been allowed to deal in foreign exchange. In August 1985 the pound ceased to be pegged to the dollar, and is now pegged to a basket of currencies.

378. The Government of Sao Tome and Principe has expressed its desire to replace its currency, the dobra, with the CFA franc. If admitted, Sao Tome and Principe will be the second non-French-speaking country in the franc zone, which at the end of 1985 contained 14 African countries whose currencies are pegged to the French franc; more than a quarter of the ECA membership have the same currency. Other countries may join or rejoin the franc zone in the near future.

379. The Nigerian Government attaches high priority to the adoption of a realistic exchange rate policy as a part of the country's economic recovery programme, and the establishment of a two-tier foreign exchange market is a possibility. The 1986 budget implied a continued downward float of the naira.

H. RESOURCE FLOWS

380. Aid to developing countries from members of OECD increased by 4 per cent in real terms (\$1 billion) in 1985, and should grow further in 1986. The OECD Development Assistance Committee called for greater effectiveness in the utilization of aid, as well as greater scrutiny of how tied aid is used, to ensure that it is more closely related to recipients' needs.

381. Total net receipts of financial resources by the developing countries from all sources, measured in constant (1983) dollars, fell from \$118.26 billion in 1983 to \$92.25 billion in 1984. The fall was entirely due to a \$30 billion fall in net real non-concessional flows from private banks. The 1984 net flows were the lowest this decade, and were 11.1 per cent below the 1980-1983 average.

382. Total net receipts of financial resources by the developing countries from the members of the OECD Development Assistance Committee, measured in current dollars, increased by 19.8 per cent in 1984 to \$83.65 billion, or 1.06 per cent of the donors' GNP. This share was 0.92 per cent in 1983, the only year since 1975 when the 1 per cent target was not reached.

383. Real official development assistance (ODA) to the developing countries increased by 5.8 per cent in 1984, and in volume was the highest for three years.

Real bilateral ODA from the members of the Development Assistance Committee and the members of the Council for Mutual Economic Assistance increased by 8.5 per cent and 5.8 per cent respectively in 1984. Real bilateral ODA from OPEC countries fell by 12.5 per cent. Total real bilateral ODA increased by 4.3 per cent in 1984. In that year the members of the Development Assistance Committee, the OPEC countries and the members of the Council for Mutual Economic Assistance contributed 73.5, 13.9 and 12.6 per cent of the total of $27.35 billion of bilateral ODA measured at constant (1983) prices.

384. The proportion of ODA in the GNP of the members of the Development Assistance Committee remained unchanged in 1984, at 0.34 per cent. A number of countries exceeded this share in 1984: the Netherlands (1.02 per cent), Norway (1.02 per cent), Denmark (0.85 per cent), Sweden (0.80 per cent), France (0.77 per cent), Belgium (0.56 per cent), Canada (0.50 per cent), Australia (0.46 per cent), the Federal Republic of Germany (0.45 per cent) and Finland (0.36 per cent).

385. The United Nations Office for Emergency Operations in Africa has estimated that the amount of aid committed for Africa was $2.9 billion in 1985. The United States contributed 35-40 per cent of the emergency funds. The Office has also estimated that aid for 1986 will be about $880 million, with the United States maintaining its share, despite efforts by Congress to reduce the budget deficit. In 1986 some 19 million people will need emergency food supplies and/or other aid in Africa. The worst-hit countries are Angola, Botswana, Cape Verde, Ethiopia, Mozambique and the Sudan.

386. Kuwait extended $164 million in loans and grants to 19 famine-stricken African countries in 1985. The Kuwait Fund for Arab Economic Development lent $140 million to 14 sub-Saharan countries, while the Kuwaiti Government provided grants to 5 countries. In addition, the Kuwait Relief Committee made $13.4 million available in emergency aid to 12 countries, some of which were also recipients of loans and grants.

387. A meeting of donors to the International Development Association held in January 1986 agreed to accept a negotiating range of $10.5 billion - $12.5 billion for the eighth replenishment of the Association's funds. It also agreed that sub-Saharan Africa should continue to receive priority in allocations. At present the maturity of the Association's loans is 50 years, and the interest rate 0.75 per cent per year. Details of lending to sub-Saharan Africa in 1984 and 1985 by the World Bank appear in table VIII.12.

Table VIII.12. Lending to sub-Saharan Africa by the International Bank for Reconstruction and Development and the International Development Association, by sector, fiscal 1984 and 1985 (Millions of dollars)

	1984	*1985*
Agriculture and rural development	670.3	350.0
Development finance companies	48.3	59.3
Education	24.9	119.0
Energy	323.6	84.3
Industry	96.9	6.4
Non-project	471.7	164.2
Population, health and nutrition	30.5	64.1
Small-scale enterprises	41.0	-
Technical assistance	80.5	75.5
Telecommunications	-	72.6
Transportation	463.7	409.9
Urban development	84.0	42.0
Water supply and sewerage	32.9	150.0
Total	2 368.3	1 597.3

Source: The World Bank Annual Report 1985 (Washington, World Bank, 1985), tables 4-2 and 4-4.

388. In 1985 debt service payments by developing Africa reached $20.0 billion, 29.6 per cent of exports of goods and services. The ECA secretariat forecasts a ratio of 26.0 per cent for 1986.

389. The interest rate on most World Bank loans to developing countries was cut to 8.5 per cent with effect from 1 January 1986. The reduction was the seventh since the Bank began lending at variable rates on 1 July 1982. At that time the rate was 11.5 per cent a year. For the second half of 1985, the rate was 8.8 per cent.

ANNEX

Table 1. Basic indicators, 1984

	Population (Millions)	*GDP per head (Dollars)*	*GDP growth rate*[a] *(Percentage change over previous year)*	*Growth in consumer prices (Percentage change over previous year)*
CENTRAL AFRICA	61.9	320	4.1	21.7
Angola	8.8	..	2.5	..
Burundi	4.6	200	−6.0	14.4
Cameroon	9.4	780	5.7	11.4
Central African Republic	2.5	250	8.7	12.4
Chad	4.9	120	3.1	0.0
Congo	1.8	1 180	−0.7	12.7
Equatorial Guinea	0.3	..	0.0	..
Gabon	1.1	3 140	13.1	5.8
Rwanda	5.9	250	−5.7	5.4
Sao Tome and Principe	0.1	380	4.4	..
Zaire	29.8	90	3.0	52.2
EASTERN AFRICA	154.4	250	0.1	19.8
Botswana	1.1	910	20.1	8.6
Comoros	0.4	..	0.0	..
Djibouti	0.3	..	0.0	..
Ethiopia	42.5	110	−6.7	8.4
Kenya	19.8	280	2.3	10.2
Lesotho	1.5	210	2.0	11.5
Madagascar	9.7	240	1.5	9.9
Malawi	6.8	200	4.7	20.0
Mauritius	1.0	1 020	4.3	7.0
Mozambique	13.6	..	−3.8	..
Seychelles	0.1	2 100	0.0	4.0
Somalia	5.5	..	−3.7	92.2
Swaziland	0.6	750	0.3	14.0
Uganda	15.2	..	4.1	0.0
United Republic of Tanzania	21.2	230	7.6	35.8
Zambia	6.5	400	−1.6	20.0
Zimbabwe	8.6	580	1.3	20.2
NORTH AFRICA	119.5	1 170	3.8	10.6
Algeria	21.0	2 180	5.5	6.6
Egypt	45.5	870	4.7	17.1
Libyan Arab Jamahiriya	3.5	7 620	0.4	10.6
Morocco	21.4	560	1.9	12.4
Sudan	21.1	370	1.9	0.0
Tunisia	7.0	1 140	5.5	8.4
WEST AFRICA	161.5	540	−2.6	33.5
Benin	3.9	270	2.7	0.0
Burkina Faso	6.7	120	−0.9	4.8
Cape Verde	0.3	..	9.3	..
Cote d'Ivoire	9.6	760	−2.4	4.3
Gambia	0.7	240	−8.7	22.1
Ghana	13.1	330	9.5	39.7
Guinea	5.3	..	5.0	..
Guinea-Bissau	0.9	280	10.4	..
Liberia	2.1	380	−0.8	1.2
Mali	7.8	140	1.1	12.4
Mauritania	1.8	390	−2.7	7.4
Niger	6.1	230	16.5	8.4
Nigeria	90.4	700	−3.2	39.6
Senegal	6.6	350	−3.6	11.8
Sierra Leone	3.3	250	−5.3	66.6
Togo	2.9	230	−0.6	−3.5
ALL ECA MEMBER STATES	504.7	600	01.2	21.4
Oil exporters	188.6	1 090	1.7	22.7
Non-oil exporters	316.1	280	0.4	22.6
Least developed countries	174.7	210	−1.2	22.2
Others	141.4	360	1.1	17.2

Sources: ECA secretariat and *International Financial Statistics*, vol. XXXIX, No. 2 (February 1986).
[a] Aggregates were computed at 1980 market prices expressed in dollar terms

Table 2. Structure of demand, 1984 (Millions of dollars at current market prices)

	Gross domestic product	*Private consumption*	*Public consumption*	*Gross capital formation*	*Net exports*
CENTRAL AFRICA	..	..	..	..	..
Angola	..	..	..	..	..
Burundi	917	758	128	177	− 147
Cameroon	7 802	4 903	748	2 024	− 6 350
Central African Republic	638	512	109	109	− 92
Chad	314	261	28	59	− 35
Congo	2 105	747	289	558	510
Equatorial Guinea	..	..	..	..	..
Gabon	3 607	966	540	1 135	916
Rwanda	1 632	1 392	174	256	− 188
Sao Tome and Principe	..	..	..	..	..
Zaire	2 995	1 422	446	491	637
EASTERN AFRICA	..	..	..	..	..
Botswana	1 569	412	733	− 350	
Comoros	..	..	..	..	..
Djibouti	..	..	..	..	
Ethiopia	4 831	797	890	620	− 476
Kenya	5 958	3 662	1 123	1 289	− 115
Lesotho	310	568	78	103	− 440
Madagascar	2 383	1 859	323	317	− 116
Malawi	1 199	809	188	198	5
Mauritius	1 028	714	130	212	− 27
Mozambique	..	..	..	..	..
Seychelles	..	..	..	..	..
Somalia	..	..	..	..	..
Swaziland	..	..	..	..	..
Uganda	..	..	..	..	..
United Republic of Tanzania	8 150	6 717	994	1 183	− 744
Zambia	2 638	1 636	596	308	36
Zimbabwe	4 998	2 944	1 016	1 096	− 57
NORTH AFRICA	..	..	..	..	..
Algeria	45 747	23 271	1 165	19 322	1 447
Egypt	39 421	25 253	5 987	11 848	− 3 666
Libyan Arab Jamahiriya	28 136	8 497	11 881	7 423	334
Morocco	11 978	8 392	2 185	2 707	− 1 306
Sudan	9 531	7 404	1 454	1 562	− 1 306
Tunisia	8 027	5 072	1 326	2 395	− 766
WEST AFRICA	..	..	..	..	..
Benin	1 037	957	87	160	− 167
Burkina Faso	827	815	128	41	− 162
Cape Verde	..	..	..	..	..
Cote d'Ivoire	6 691	4 169	1 062	932	598
Gambia	170	121	34	37	− 23
Ghana	6 844	6 175	407	434	..
Guinea	..	..	..	..	..
Guinea-Bissau	..	..	..	..	..
Liberia	819	378	198	156	86
Mali	1 063	871	101	255	− 163
Mauritania	714	700	166	110	− 263
Niger	1 408	1 289	181	19	− 81
Nigeria	64 749	48 702	15 636	10 039	371
Senegal	2 324	1 834	461	300	− 271
Sierra Leone	1 100	1 121	75	105	− 200
Togo	673	545	94	400	− 206
ALL ECA MEMBERS	..	..	..	..	..
Oil exporters	..	..	..	..	..
Non-oil exporters	..	..	..	..	..
Least developed countries	..	..	..	..	..
Others	..	..	..	..	..

Source: ECA secretariat.

Table 3. Contribution of the main sectors to gross domestic product, 1984 (Millions of dollars at current factor cost)

	Agriculture	*Industry*	*Services*	*Total gross domestic product*
CENTRAL AFRICA	..	..	..	..
Angola	..	..	..	..
Burundi	..	..	..	..
Cameroon	1 714	2 702	2 325	6 742
Central African Republic	250	89	262	602
Chad	179	52	82	313
Congo	161	1 172	692	2 024
Equatorial Guinea	..	..	..	..
Gabon	212	2 212	974	3 397
Rwanda	693	232	517	1 542
Sao Tome and Principe	..	..	..	..
Zaire	..	..	..	..
EASTERN AFRICA	..	..	..	..
Botswana	70	506	532	1 108
Comoros	..	..	..	..
Djibouti	..	..	..	..
Ethiopia	1 966	762	1 593	4 320
Kenya	1 553	936	2 335	4 822
Lesotho	66	52	124	240
Madagascar	1005	355	710	2 070
Malawi	..	..	..	..
Mauritius	123	217	515	855
Mozambique	..	..	..	..
Seychelles	..	..	..	..
Somalia	..	..	..	..
Swaziland	..	..	..	..
Uganda	..	..	..	..
United Republic of Tanzania	2 418	462	1 616	4 497
Zambia	..	..	..	..
Zimbabwe	629	1 834	2 086	4 550
NORTH AFRICA	..	..	..	..
Algeria	3 958	26 288	10 811	41 056
Egypt	6 879	11 526	18 105	36 510
Libyan Arab Jamahiriya	947	15 194	9 882	26 023
Morocco	1 991	3 796	6 189	11 978
Sudan	..	..	..	..
Tunisia	..	..	..	..
WEST AFRICA	..	..	..	..
Benin	483	177	357	1 016
Burkina Faso	358	154	315	827
Cape Verde	..	..	..	..
Cote d'Ivoire	1 862	1 437	2 656	6 691
Gambia	47	21	78	146
Ghana	2 216	356	1 727	4 300
Guinea	..	..	..	..
Guinea-Bissau	..	..	..	..
Liberia	..	..	..	..
Mali	392	128	305	826
Mauritania	196	180	261	639
Niger	614	249	491	1 353
Nigeria	16 741	21 560	25 168	63 469
Senegal	398	641	1 284	2 324
Sierra Leone	275	84	392	751
Togo	216	146	305	667
ALL ECA MEMBER STATES	..	..	..	..
Oil exporters	..	..	..	..
Non-oil exporters	..	..	..	..
Least developed countries	..	..	..	..
Others	..	..	..	..

Source: ECA secretariat.

Table 4. Structure of industry, 1984 (Millions of dollars at current factor cost)

	Contribution to gross domestic product of			
	Mining	*Manufacturing*	*Electricity and water*	*Construction*
CENTRAL AFRICA	..	..	..	..
Angola	..	..	..	..
Burundi	..	..	..	..
Cameroon	1 271	875	86	470
Central African Republic	17	50	5	17
Chad	0.0	51	1	0.0
Congo	904	97	22	149
Equatorial Guinea	..	..	..	..
Gabon	1 733	130	57	292
Rwanda	19	181	9	23
Sao Tome and Principe	..	..	..	..
Zaire	..	..	..	..
EASTERN AFRICA	..	..	..	..
Botswana	351	75	30	50
Comoros	..	..	..	..
Djibouti	..	..	..	..
Ethiopia	6	488	33	235
Kenya	12	640	57	227
Lesotho	1	17	3	31
Madagascar	5	232	28	90
Malawi	..	..	..	..
Mauritius	1	144	21	51
Mozambique	..	..	..	..
Seychelles	..	..	..	..
Somalia	..	..	..	..
Swaziland	..	..	..	..
Uganda	..	..	..	..
United Republic of Tanzania	22	303	36	101
Zambia	..	..	..	..
Zimbabwe	265	1 266	129	174
NORTH AFRICA	..	..	..	..
Algeria	12 657	5 511	451	7 669
Egypt	4 559	4 964	306	1 697
Libyan Arab Jamahiriya	10 791	1 216	311	2 876
Morocco	596	1 970	447	783
Sudan	..	..	..	..
Tunisia	..	..	..	..
WEST AFRICA	..	..	..	..
Benin	37	71	7	62
Burkina Faso	0	122	11	21
Cape Verde	..	..	..	..
Cote d'Ivoire	207	914	112	204
Gambia	..	14	1	6
Ghana	27	227	25	77
Guinea	..	..	..	..
Guinea-Bissau	..	..	..	..
Liberia	..	..	..	..
Mali	0	72	5	51
Mauritania	102	30	3	45
Niger	123	58	24	44
Nigeria	13 863	3 071	630	3 996
Senegal	38	401	37	165
Sierra Leone	40	26	3	15
Togo	68	45	15	18
ALL ECA MEMBER STATES	..	..	..	..
Oil exporters	..	..	..	..
Non-oil exporters	..	..	..	..
Least developed countries	..	..	..	..
Others	..	..	..	..

Source: ECA secretariat.

Table 5. Agricultural Indicators, 1984

	Arable land (Hectares per capita) 1983	*Production of cereals, roots, tubers and plantains (Kilograms of cereal equivalent per capita)*	*Net cereal imports (Kilograms per capita)*
CENTRAL AFRICA	0.39	189.7	15.3
Angola	0.49	118.6	42.7
Burundi	0.28	137.2	3.0
Cameroon	0.81	190.2	12.9
Central African Republic	0.82	199.7	11.9
Chad	0.64	119.0	15.1
Congo	0.42	134.0	63.5
Equatorial Guinea	0.58	92.5	30.0
Gabon	0.90	174.4	39.6
Rwanda	0.21	272.6	3.4
Sao Tome and Principe	0.36	57.7	103.5
Zaire	0.21	218.3	8.3
EASTERN AFRICA	0.34	166.4	22.5
Botswana	0.51	11.4	55.0
Comoros	0.13	125.5	76.5
Djibouti	..	..	235.0
Ethiopia	0.41	121.2	11.9
Kenya	0.13	114.5	28.3
Lesotho	0.21	82.8	94.1
Madagascar	0.32	328.4	17.7
Malawi	0.36	241.7	3.0
Mauritius	0.11	5.5	104.2
Mozambique	0.28	120.0	28.9
Seychelles	0.06	..	131.9
Somalia	0.28	67.3	59.7
Swaziland	0.28	188.0	57.7
Uganda	0.39	235.0	1.3
United Republic of Tanzania	0.26	222.4	17.2
Zambia	0.84	150.7	36.5
Zimbabwe	0.34	210.2	39.0
NORTH AFRICA	0.32	152.7	150.6
Algeria	0.37	97.9	197.9
Egypt	0.06	194.9	189.2
Libyan Arab Jamahiriya	0.63	75.0	287.0
Morocco	0.38	182.4	122.1
Sudan	0.62	96.8	25.2
Tunisia	0.73	158.6	153.1
WEST AFRICA	0.38	198.0	33.3
Benin	0.50	239.3	16.6
Burkina Faso	0.36	152.8	13.3
Cape Verde	0.13	22.0	205.3
Cote d'Ivoire	0.47	103.4	89.3
Gambia	0.26	169.0	23.8
Ghana	0.21	165.8	35.1
Guinea	0.29	197.4	57.0
Guinea-Bissau	0.48	253.7	57.1
Liberia	0.19	166.3	51.0
Mali	0.29	135.4	47.0
Mauritania	0.13	18.9	151.2
Niger	0.64	203.7	7.4
Nigeria	0.35	218.0	26.0
Senegal	0.86	108.9	105.8
Sierra Leone	0.48	171.1	18.5
Togo	0.53	196.8	32.4
ALL ECA MEMBER STATES	0.36	176.5	55.3
Oil exporters	0.31	187.1	97.7
Non-oil exporters	0.39	170.1	31.8
Least developed countries	0.44	160.7	19.3
Others	0.26	181.3	46.6

Source: FAO Production Yearbook, 1984 (Rome, 1985) tables 1 and 5.

Table 6. Food supply, 1984 (Thousands of tons)

	Cereal production	*Production of roots and tubers*	*Plantain production*	*Net cereal imports*
CENTRAL AFRICA	3 335	25 406	4 947	1 058.95
Angola	342	2 170	..	374.98
Burundi	301	1 023	..	13.57
Cameroon	841	1 982	970	121.27
Central African Republic	115	1 154	65	30.18
Chad	444	436	..	74.05
Congo	9	651	62	113.29
Equatorial Guinea	..	89	..	9.32
Gabon	11	416	170	45.46
Rwanda	291	1 878	2 200	20.06
Sao Tome and Principe	1	15	..	10.47
Zaire	1 000	15 592	1 480	246.30
EASTERN AFRICA	18 187	18 434	4 683	3 467.34
Botswana	10	7	..	59.28
Comoros	21	107	..	33.32
Djibouti	..	..	..	67.12
Ethiopia	4 770	1 182	..	505.48
Kenya	1 724	1 446	255	560.11
Lesotho	122	6	..	140.83
Madagascar	2 275	2 866	..	172.42
Malawi	1581	212	18	20.21
Mauritius	1	14	..	187.58
Mozambique	576	3 260	..	391.89
Seychelles	..	..	..	8.55
Somalia	359	40	..	329.85
Swaziland	115	11	..	36.59
Uganda	1 615	2 635	3 410	20.14
United Republic of Tanzania	2 351	6 309	1 000	363.84
Zambia	900	235	..	236.13
Zimbabwe	1767	104	..	334.00
NORTH AFRICA	17 227	3 138	..	17 987.54
Algeria	1 863	600	..	4 155.17
Egypt	8 415	1 420	..	8 616.09
Libyan Arab Jamahiriya	224	120	..	1 004.51
Morocco	3 721	550	..	2 610.23
Sudan	1 939	308	..	530.19
Tunisia	1 065	140	..	1071.35
WEST AFRICA	16 882	43 520	..	5 373.00
Benin	481	1 398	..	64.50
Burkina Faso	985	115	..	88.89
Cape Verde	3	12	..	64.21
Cote d'Ivoire	1 014	3 519	850	545.27
Gambia	71	6	..	63.00
Ghana	872	3 510	650	311.15
Guinea	530	848	235	186.0
Guinea-Bissau	149	40	25	49.05
Liberia	230	351	33	108.63
Mali	1 013	141	..	367.07
Mauritania	33	5	..	277.17
Niger	1 171	201	..	44.86
Nigeria	8 805	32 384	1 420	2 350.45
Senegal	707	33	..	697.61
Sierra Leone	510	134	25	60.64
Togo	308	823	..	94.50
ALL ECA MEMBER STATES	55 651	90 498	12 868	27 886.84
Oil exporters	21 575	39 883	2 622	17 852.57
Non-oil exporters	34 076	50 615	10 246	10 034.27
Least developed countries	19 141	19 119	6 978	3 310.63
Others	14 935	31 496	3 268	6 723.64

Sources: FAO Production Yearbook 1984 (Rome, 1985) and *FAO Trade Yearbook 1984* (Rome, 1985).

Table 7. Livestock (1984) and fishing indicators

	Cattle	Sheep and goats (Thousand head)	Chickens	Fish catch (Thousands of tons)
CENTRAL AFRICA	14 571	14 710	46 000	526.0
Angola	3 350	1 200	6 000	112.4
Burundi	565	1 085	3 000	12.0
Cameroon	3 730	4 180	11 000	84.3
Central African Republic	1 500	1 042	2 000	13.0
Chad	3 400	4 200	3 000	110.0
Congo	68	242	1 000	31.9
Equatorial Guinea	4	41	..	2.5
Gabon	7	140	2 000	52.6
Rwanda	644	1 523	1 000	1.2
Sao Tome and Principe	0	6	..	4.1
Zaire	1 300	1 051	17 000	102.0
EASTERN AFRICA	86 092	105 665	196 000	819.4
Botswana	2 900	965	1 000	1.4
Comoros	83	101	..	4.0
Djibouti	44	943	..	0.4
Ethiopia	26 000	40 700	55 000	3.9
Kenya	12 000	15 000	20 000	97.5
Lesotho	560	2 370	1 000	..
Madagascar	10 400	2 500	18 000	54.5
Malawi	910	859	8 000	58.4
Mauritius	59	74	2 000	9.5
Mozambique	1 320	469	19 000	42.4
Seychelles	2	4	..	3.9
Somalia	3 600	25 400	3 000	15.5
Swaziland	614	333	1 000	..
Uganda	5 200	3 800	14 000	172.0
United Republic of Tanzania	14 500	10 200	26 000	272.5
Zambia	2 400	397	19 000	67.2
Zimbabwe	5 500	1 550	9 000	17.7
NORTH AFRICA	26 975	82 710	138 000	754.0
Algeria	1 450	17 700	25 000	70.0
Egypt	1 825	2 950	28 000	140.0
Libyan Arab Jamahiriya	200	6 300	7 000	7.5
Morocco	3 300	16 500	32 000	439.9
Sudan	19 600	33 000	30 000	29.5
Tunisia	600	6 260	16 000	67.1
WEST AFRICA	33 035	90 927	262 000	1 269.9
Benin	875	2 050	5 000	21.1
Burkina Faso	2 800	4 600	15 000	7.0
Cape Verde	13	78	..	13.2
Cote d'Ivoire	760	2 800	20 000	94.0
Gambia	280	360	..	9.6
Ghana	810	4 000	13 000	228.0
Guinea	1 850	905	10 000	18.5
Guinea-Bissau	225	215	..	2.6
Liberia	42	469	3 000	13.6
Mali	6 000	12 300	14 000	33.0
Mauritania	1 300	82 000	3 000	53.8
Niger	3 500	11 000	12 000	6.8
Nigeria	11 800	38 800	150 000	515.2
Senegal	2 200	3 100	10 000	212.9
Sierra Leone	330	470	4 000	53.0
Togo	250	1 580	3 000	14.6
ALL ECA MEMBER STATES	160 673	294 012	642 000	3 396.3
Oil exporters	23 030	74 643	246 000	1 080.0
Non-oil exporters	137 643	219 369	396 000	2 315.3
Least developed countries	95 636	159 793	210 000	878.4
Others	92 007	59 576	186 000	1 436.9

Sources: FAO Production Yearbook 1984 (Rome, 1985) and FAO, *Yearbook of Fishery Statistics 1983—Catches and Landings* (Rome, FAO, 1984).

Table 8. Energy production and consumption, 1983

	Electricity production (Millions of kilowatt-hours)	*Commercial energy consumption per head (Kilograms of oil equivalent)*	*Average growth of commercial energy consumption, 1975–1983 (Percentage)*
CENTRAL AFRICA	8 795	90	13.2
Angola	1 740	86	−0.6
Burundi	2	12	11.1
Cameroon	1 804	305	26.2
Central African Republic	68	28	6.5
Chad	65	14	1.0
Congo	185	69	−0.6
Equatorial Guinea	15	69	4.0
Gabon	535	673	2.6
Rwanda	157	13	6.8
Sao Tome and Principe	11	..	10.4
Zaire	4 213	47	2.5
EASTERN AFRICA	26 824	63	0.3
Botswana	..	..	..
Comoros	10	28	2.3
Djibouti	126	441	14.6
Ethiopia	753	17	5.6
Kenya	2 166	66	−1.3
Lesotho	..	..	..
Madagascar	450	40	−2.8
Malawi	486	31	1.4
Mauritius	427	191	0.2
Mozambique	6 426	66	1.6
Seychelles	53	563	9.8
Somalia	75	69	11.0
Swaziland	..	..	..
Uganda	650	17	−6.0
United Republic of Tanzania	705	40	−1.2
Zambia	10 071	244	−0.5
Zimbabwe	4 426	323	−1.3
NORTH AFRICA	49 741	414	12.8
Algeria	8 520	429	2.8
Egypt	23 520	400	9.4
Libyan Arab Jamahiriya	7 150	3 929	28.7
Morocco	6 010	207	5.3
Sudan	1 010	54	−0.7
Tunisia	3 531	434	7.6
WEST AFRICA	16 366	106	11.6
Benin	5	33	−2.3
Burkina Faso	115	21	8.7
Cape Verde	12	102	3.1
Cote d'Ivoire	1 932	135	−0.2
Gambia	40	84	6.7
Ghana	2 589	66	−3.5
Guinea	499	r7	1.3
Guinea-Bissau	13	34	..
Liberia	1 100	254	1.4
Mali	110	19	3.6
Mauritania	103	114	3.0
Niger	252	40	9.7
Nigeria	8 500	131	16.1
Senegal	631	110	−2.2
Sierra Leone	292	45	−3.0
Togo	173	139	18.4
ALL ECA MEMBER STATES	101 726	164	11.2
Oil exporters	55 485	320	14.6
Non-oil exporters	46 241	70	1.8
Least developed countries	5 644	32	3.9
Others	40 597	116	1.1

Source: 1983 Energy Statistics Yearbook (United Nations publication, Sales No. E/F.85.XVII. 9).

Table 9. Breakdown of exports by destination, 1984

	Total exports (Millions of dollars)	*To industrial countries (%)*	*To oil-exporting developing countries (%)*	*To non-oil-exporting developing countries (%)*
CENTRAL AFRICA	9 436.3	83.1	0.6	13.4
Angola	2 257.7	71.8	0.4	26.5
Burundi	98.8	58.6	0.3	38.6
Cameroon	1 764.6	91.8	1.2	6.0
Central African Republic	100.5	93.4	0.6	4.4
Chad	142.7	36.8	..	30.9
Congo	1 261.4	96.4	0.1	2.3
Equatorial Guinea	33.5	84.1	0.6	15.3
Gabon	2 050.9	77.2	0.1	14.8
Rwanda	87.0	85.6	..	9.7
Sao Tome and Principe	..	..	..	..
Zaire	1 583.5	91.9	..	7.4
EASTERN AFRICA	5 471.6	66.6	5.0	23.5
Botswana	..	..	..	..
Comoros	..	..	..	..
Djibouti	38.6	15.0	2.6	82.4
Ethiopia	397.4	82.6	6.1	10.3
Kenya	1 227.7	56.3	1.5	33.1
Lesotho	..	..	..	..
Madagascar	383.7	75.4	0.2	7.3
Malawi	251.9	77.0	..	20.4
Mauritius	356.6	94.7	..	5.1
Mozambique	184.9	36.9	21.2	27.0
Seychelles	21.8	28.9	..	17.9
Somalia	123.0	9.8	67.5	22.6
Swaziland	..	..	..	..
Uganda	394.5	88.9	1.6	9.4
United Republic of Tanzania	456.2	60.7	6.3	25.9
Zambia	843.7	68.3	1.2	29.0
Zimbabwe	791.7	64.4	3.5	28.6
NORTH AFRICA	31 649.8	79.7	2.3	15.3
Algeria	11 851.0	92.2	0.1	7.1
Egypt	4 731.2	74.9	2.2	14.8
Libyan Arab Jamahiriya	10 519.0	73.6	..	23.4
Morocco	2 117.3	66.1	5.3	21.0
Sudan	633.1	40.3	17.4	34.2
Tunisia	1 798.2	74.8	8.4	9.5
WEST AFRICA	20 986.6	72.4	2.9	23.9
Benin	112.4	80.6	1.8	10.1
Burkina Faso	91.4	53.1	..	18.8
Cape Verde	4.8	18.8	22.9	20.8
Cote d'Ivoire	2 752.4	73.5	1.1	19.8
Gambia	44.5	81.3	1.1	16.7
Ghana	595.2	57.3	0.2	8.3
Guinea	457.0	89.5	0.2	10.2
Guinea-Bissau	21.7	14.9	..	85.1
Liberia	845.8	76.9	1.3	21.8
Mali	106.9	76.5	0.9	22.2
Mauritania	256.1	95.6	1.5	3.0
Niger	327.8	55.9	39.7	3.4
Nigeria	14 304.0	73.0	..	27.0
Senegal	586.9	53.1	0.7	21.8
Sierra Leone	225.4	71.1	..	11.2
Togo	254.1	63.3	0.3	31.8
ALL ECA MEMBER STATES	67 544.4	76.8	2.4	18.4
Oil exporters	50 538.0	79.3	1.2	18.0
Non-oil exporters	17 006.3	69.7	4.6	19.6
Least developed countries	4 459.0	66.1	10.7	19.6
Others	12 574.4	71.0	2.4	19.6

Source: Directory of Trade Statistics—Yearbook 1985 (Washington, IMF, 1985).

Table 10. Breakdown of imports by origin, 1984

	Total imports (Millions of dollars)	From industrial countries (%)	From oil-exporting developing countries (%)	From non-oil-exporting developing countries (%)
CENTRAL AFRICA	5 318.3	74.9	1.8	22.0
Angola	1 003.1	64.4	0.1	33.4
Burundi	185.7	57.3	17.1	22.4
Cameroon	1 238.6	85.1	0.2	12.1
Central African Republic	91.1	67.5	1.0	19.4
Chad	179.7	48.4	0.5	47.4
Congo	557.0	75.9	..	22.0
Equatorial Guinea	24.0	66.2	1.4	32.4
Gabon	762.2	88.9	..	9.5
Rwanda	202.8	54.0	6.8	37.8
Sao Tome and Principe	..	..	..	..
Zaire	1 098.1	74.7	..	24.4
EASTERN AFRICA	7 567.5	58.2	9.7	26.4
Botswana	..	..	..	..
Comoros	..	..	..	..
Djibouti	302.9	57.6	0.8	39.3
Ethiopia	916.8	79.1	0.6	9.1
Kenya	1 679.3	56.5	24.3	17.5
Lesotho	..	..	..	..
Madagascar	483.5	49.8	16.2	21.5
Malawi	158.3	60.1	..	38.1
Mauritius	448.5	48.0	2.2	46.7
Mozambique	531.6	43.3	6.2	41.7
Seychelles	86.2	40.6	..	55.2
Somalia	413.5	66.7	14.0	18.7
Swaziland	..	..	..	..
Uganda	323.5	45.2	2.4	52.2
United Republic of Tanzania	914.0	63.2	1.5	30.6
Zambia	548.9	62.3	16.4	20.0
Zimbabwe	760.6	52.0	0.8	29.0
NORTH AFRICA	40 433.2	75.2	3.2	15.5
Algeria	10 305.0	82.6	0.7	13.4
Egypt	14 595.6	74.9	0.6	17.2
Libyan Arab Jamahiriya	6 869.0	74.0	0.1	20.2
Morocco	4 063.7	62.4	24.0	8.4
Sudan	1 417.0	55.8	16.7	24.1
Tunisia	3 182.9	79.9	4.0	9.8
WEST AFRICA	15 144.5	65.0	3.9	23.6
Benin	362.8	63.7	2.5	31.5
Burkina Faso	255.4	52.5	0.9	45.0
Cape Verde	85.8	57.2	..	32.5
Cote d'Ivoire	1 647.1	61.3	10.0	23.6
Gambia	117.8	61.6	3.9	25.2
Ghana	680.5	56.4	24.4	15.7
Guinea	313.1	79.9	0.1	19.5
Guinea-Bissau	46.2	46.4	0.1	45.3
Liberia	1 647.1	61.3	10.0	23.6
Mali	1 834.0	55.3	0.6	10.0
Mauritania	371.1	72.3	6.1	21.5
Niger	303.4	56.4	15.2	22.9
Nigeria	7 059.0	70.3	0.1	26.4
Senegal	1 111.3	59.9	12.2	24.2
Sierra Leone	171.6	71.1	..	15.7
Togo	402.0	73.0	2.8	19.8
ALL ECA MEMBER STATES	68 463.5	71.0	4.4	19.0
Oil exporters	45 572.6	76.4	0.7	17.8
Non-oil exporters	22 891.1	60.3	12.0	21.3
Least developed countries	7 546.8	62.2	6.2	27.0
Others	15 344.3	59.3	14.8	18.5

Source: As for table 9.

Table 11. Population of working age, 1965 and 1983

	1965	*1983*	*Average annual growth rate 1965-1983 (Percentage)*
	(Percentage of total population)		
CENTRAL AFRICA	53.5	51.8	2.2
Angola	55.0	53.0	2.6
Burundi	4.0	53.0	1.8
Cameroon	52.0	50.0	2.0
Central African Republic	57.0	55.0	2.0
Chad	56.0	56.0	2.1
Congo	55.0	51.0	2.2
Equatorial Guinea	..	..	..
Gabon	..	..	..
Rwanda	52.0	51.0	3.3
Sao Tome and Principe	..	..	..
Zaire	53.0	51.0	2.0
EASTERN AFRICA	52.5	51.5	3.0
Botswana	..	..	..
Comoros	..	..	..
Djibouti	..	..	..
Ethiopia	53.0	57.0	3.1
Kenya	49.0	46.0	3.5
Lesotho	54.0	54.0	2.6
Madagascar	54.0	50.0	2.1
Malawi	51.0	49.0	2.7
Mauritius	..	..	..
Mozambique	56.0	52.0	2.9
Seychelles	..	..	..
Somalia	49.0	53.0	4.7
Swaziland	..	..	..
Uganda	53.0	50.0	3.0
United Republic of Tanzania	53.0	50.0	2.9
Zambia	52.0	49.0	2.7
Zimbabwe	51.0	46.0	3.0
NORTH AFRICA	52.8	53.8	2.7
Algeria	50.0	50.0	3.0
Egypt	55.0	57.0	2.5
Libyan Arab Jamahiriya	53.0	52.0	4.1
Morocco	51.0	52.0	2.7
Sudan	53.0	52.0	2.6
Tunisia	50.0	56.0	2.8
WEST AFRICA	52.6	50.6	2.9
Benin	53.0	50.0	2.4
Burkina Faso	54.0	52.0	1.4
Cape Verde	..	..	..
Cote d'Ivoire	55.0	53.0	4.3
Gambia	..	..	..
Ghana	52.0	49.0	2.4
Guinea	55.0	53.0	2.0
Guinea-Bissau	..	..	..
Liberia	51.0	53.0	3.5
Mali	53.0	50.0	2.3
Mauritania	52.0	53.0	2.9
Niger	51.0	51.0	2.9
Nigeria	52.0	50.0	3.1
Senegal	54.0	53.0	3.1
Sierra Leone	54.0	55.0	1.7
Togo	53.0	50.0	2.5
ALL ECA MEMBER STATES	52.7	51.8	2.7
Oil exporters	52.7	52.1	2.8
Non-oil exporters	52.8	51.6	2.7
Least developed countries	53.1	52.8	2.8
Others	52.4	50.2	2.7

Source: ECA secretariat calculations based on World Bank, *World Development Report 1985* (New York, Oxford University Press, 1985).

Table 12. Sectoral distribution of the labour force, 1960 and 1980 (Percentage)

	Agriculture		*Industry*		*Services*	
	1960	*1980*	*1960*	*1980*	*1960*	*1980*
CENTRAL AFRICA	85	78	7	10	8	12
Angola	69	59	12	16	19	26
Burundi	90	84	3	5	7	11
Cameroon	87	83	5	7	8	10
Central African Republic	94	88	2	4	4	8
Chad	95	85	2	7	3	8
Congo	52	35	17	26	31	40
Equatorial Guinea	..	..	..	..	..	..
Gabon	85	79	7	10	8	11
Rwanda	95	91	1	2	4	7
Sao Tome and Principe	..	..	..	..	..	..
Zaire	83	75	9	13	8	12
EASTERN AFRICA	88	79	5	8	8	13
Botswana	92	83	3	5	5	12
Comoros	..	..	..	..	..	..
Djibouti	..	..	..	..	..	..
Ethiopia	88	80	5	7	7	13
Kenya	86	78	5	10	9	12
Lesotho	93	87	2	4	5	9
Madagascar	93	87	2	4	5	9
Malawi	92	86	3	5	5	9
Mauritius	40	30	26	24	35	46
Mozambique	81	67	8	17	11	16
Seychelles	..	..	..	..	..	..
Somalia	88	82	4	8	8	10
Swaziland	54	52	4	9	42	39
Uganda	89	83	4	6	7	11
United Republic of Tanzania	89	83	4	6	7	11
Zambia	79	68	9	11	14	21
Zimbabwe	69	60	11	15	20	25
NORTH AFRICA	66	50	11	23	23	27
Algeria	67	25	12	25	21	50
Egypt	58	50	12	29	30	21
Libyan Arab Jamahiriya	53	20	17	27	30	53
Morocco	62	53	14	21	24	26
Sudan	86	72	6	10	8	18
Tunisia	56	35	18	32	26	33
WEST AFRICA	76	62	8	8	15	22
Benin	54	46	9	16	37	38
Burkina Faso	92	82	5	13	3	5
Cape Verde	..	..	..	..	..	..
Cote d'Ivoire	89	79	2	4	9	17
Gambia	85	79	7	10	8	11
Ghana	64	53	14	20	22	27
Guinea	88	82	6	11	6	7
Guinea-Bissau	..	..	..	..	..	..
Liberia	80	70	10	14	10	16
Mali	94	73	3	12	3	16
Mauritania	91	69	3	8	6	23
Niger	95	91	1	3	4	6
Nigeria	71	54	10	19	19	27
Senegal	84	77	5	10	11	12
Sierra Leone	78	65	12	19	10	16
Togo	80	67	8	15	12	18
ALL ECA MEMBER STATES	79	68	8	14	13	19
Oil exporters	..	52	..	21	..	27
Non-oil exporters	70	75	10	19	19	15
Least developed countries	88	78	5	8	7	13
Others	75	70	9	13	16	17

Sources: Labour Force Estimates and Projections, 1950–2000 (Geneva, 1977) and World Bank, *World Development Report 1982* (New York, Oxford University Press, 1983).

Table 13. Transport and communications indicators

	Length of railway network (thousands of kilometres) (1985)	*Road density (kilometres per square kilometre) (1985)*	*Private motor vehicles per 1000 inhabitants (1985)*	*Number of telephones per 1000 inhabitants (1982)*
CENTRAL AFRICA	9.9	0.05	3.7	9.1
Angola	2.5	0.06	5.9	7.5
Burundi	..	0.27	1.4	1.8
Cameroon	1.2	0.06	6.2	..
Central African Republic	..	0.04	1.9	
Chad	..	0.02	1.6	1.7
Congo	0.8	0.02	13.8	11.7
Equatorial Guinea	..	0.14	..	..
Gabon	0.3	0.03	26.3	30.3
Rwanda	..	0.30	1.3	1.2
Sao Tome and Principe	..	..	..	..
Zaire	5.1	0.06	2.2	1.1
EASTERN AFRICA	15.9	0.05	4.8	15.2
Botswana	0.6	0.02	9.9	18.6
Comoros	..	0.60	..	7.9
Djibouti	0.1	0.07	18.4	18.2
Ethiopia	0.7	0.03	1.3	2.8
Kenya	1.3	0.09	7.2	..
Lesotho	0.0	0.17	5.7	7.8
Madagascar	1.0	0.05	5.8	4.9
Malawi	0.7	0.11	1.8	5.9
Mauritius	..	1.10	26.3	38.5
Mozambique	3.2	0.04	3.8	4.7
Seychelles				
Somalia	..	0.03	1.2	..
Swaziland	0.2	0.40	..	23.7
Uganda	1.1	0.10	1.1	3.9
United Republic of Tanzania	2.6	0.02	1.7	5.0
Zambia	1.0	0.05	13.3	10.7
Zimbabwe	3.4	0.19	25.0	..
NORTH AFRICA	18.2	0.05	8.1	8.8
Algeria	4.0	0.04	24.9	..
Egypt	5.1	0.11	15.6	..
Libyan Arab Jamahiriya	..	0.05	74.4	..
Morocco	1.8	0.08	19.1	10.6
Sudan	4.8	0.01	4.6	3.4
Tunisia	2.5	0.19	22.4	..
WEST AFRICA	11.0	0.06	6.2	3.5
Benin	0.6	0.08	4.1	5.5
Burkina Faso	0.5	0.06	1.7	1.9
Cape Verde	..	0.32	6.7	11.8
Cote d'Ivoire	1.2	0.14	3.4	11.5
Gambia	..	0.21	6.7	7.8
Ghana	0.9	0.16	5.3	5.9
Guinea	0.9	0.12	2.3	2.4
Guinea-Bissau	..	0.14	17.7	..
Liberia	0.5	0.08	7.9	8.0
Mali	0.6	..	3.0	1.5
Mauritania	0.7	0.01	6.3	..
Niger	..	0.03	2.8	1.8
Nigeria	3.5	0.13	..	2.2
Senegal	1.2	0.08	6.9	7.9
Sierra Leone	0.1	0.10	5.4	5.5
Togo	0.3	0.13	7.9	4.4
ALL ECA MEMBER STATES	55.0	0.05	8.7	9.1
Oil exporters	19.9	0.06	18.5	12.0
Non-oil exporters	35.1	0.04	5.6	3.3
Least developed countries	13.6	0.03	2.4	6.0
Others	21.5	0.14	9.5	14.9

Source: ECA secretariat.

Table 14. Health indicators

	Life expectancy (Years) (1983)	Population per doctor (1980)	Population per paramedical worker (1980)	Population per hospital bed (1979)
CENTRAL AFRICA	49	15 838	2 069	350
Angola	43	..	..	332
Burundi	47	..	..	857
Cameroon	54	13 670	1 910	372
Central African Republic	48	27 050	1 760	..
Chad	43	47 530	3 850	..
Congo	63	5 510	790	212
Equatorial Guinea	43	..	..	95
Gabon	49	..	..	..
Rwanda	47	31 510	9 840	640
Sao Tome and Principe	62	..	..	120
Zaire	51	14 780	1 920	322
EASTERN AFRICA	49	17 221	1 975	670
Botswana	60	..	..	328
Comoros	48	..	..	..
Djibouti	50	..	..	..
Ethiopia	43	58 490	5 440	3 016
Kenya	57	10 500	550	601
Lesotho	53	18 640	4 330	488
Madagascar	49	10 170	3 660	..
Malawi	44	40 950	3 830	594
Mauritius	66	..	..	283
Mozambique	46	39 110	5 600	794
Seychelles	66	..	..	..
Somalia	45	14 290	2 330	569
Swaziland	54	..	..	294
Uganda	49	26 810	4 180	636
United Republic of Tanzania	51	17 560	2 980	..
Zambia	51	7 670	1 730	212
Zimbabwe	56	6 580	1 190	374
NORTH AFRICA	55	1 819	1 179	523
Algeria	57	2 650	740	389
Egypt	58	970	1 500	490
Libyan Arab Jamahiriya	58	730	400	197
Morocco	52	11 200	1 830	771
Sudan	48	8 800	1 410	1 020
Tunisia	62	3 690	890	436
WEST AFRICA	49	13 616	2 145	974
Benin	48	17 050	1 670	680
Burkina Faso	44	48 510	4 950	1 762
Cape Verde	61	..	..	539
Cote d'Ivoire	52	21 040	1 590	589
Gambia	36	..	..	815
Ghana	59	7 630	780	662
Guinea	38	16 630	2 490	..
Guinea-Bissau	38	..	..	..
Liberia	49	9 610	1 420	652
Mali	45	22 130	2 380	1 743
Mauritania	46	14 350	2 080	..
Niger	45	38 790	4 650	1 576
Nigeria	49	12 550	3 010	1 069
Senegal	46	13 800	1 400	..
Sierra Leone	38	18 280	2 130	858
Togo	49	18 100	1 430	738
ALL ECA MEMBER STATES	50	5 256	1 730	608
Oil exporters	53	2 480	1 618	596
Non-oil exporters	49	4 784	1 801	616
Least developed countries	46	19 440	27 071	903
Others	52	11 493	1 314	462

Sources: World Bank, *World Development Report 1985* (New York, Oxford University Press, 1985); *Statistical Yearbook 1981* (United Nations publication, Sales No. E/F.83.XVIII.1); *African Economic Indicators* (ECA), various issues.

Table 15. Enrolment ratios (percentage of relevant age group)

	Primary school (1983)	*Secondary school (1983)*	*Higher education (1983)*
CENTRAL AFRICA	88	14	1.4
Angola	134	12	0.4
Burundi	45	4	0.6
Cameroon	108	21	1.6
Central African Republic	77	16	1.1
Chad	38	6	6.2
Congo	..	..	..
Equatorial Guinea	76	11	..
Gabon	118	23	3.3
Rwanda	62	2	0.3
Sao Tome and Principe	..	..	..
Zaire	88	16	1.2
EASTERN AFRICA	74	13	1.0
Botswana	96	21	1.6
Comoros	91	23	..
Djibouti	..	..	..
Ethiopia	46	13	0.6
Kenya	100	19	0.9
Lesotho	110	19	2.2
Madagascar	95	12	4.2
Malawi	65	4	0.4
Mauritius	112	51	0.8
Mozambique	79	6	0
Seychelles	..	..	..
Somalia	21	14	..
Swaziland	111	43	3.4
Uganda	57	8	0.6
United Republic of Tanzania	87	3	0.4
Zambia	94	17	1.6
Zimbabwe	131	39	2.6
NORTH AFRICA	82	41	8.9
Algeria	94	43	5.5
Egypt	88	58	15.5
Libyan Arab Jamahiriya	..	..	..
Morocco	79	29	6.2
Sudan	50	18	2.0
Tunisia	113	33	5.3
WEST AFRICA	79	12	1.7
Benin	67	22	2.0
Burkina Faso	27	4	0.6
Cape Verde	131	10	..
Cote d'Ivoire	79	19	2.7
Gambia	68	19	..
Ghana	79	38	1.6
Guinea	36	15	3.0
Guinea-Bissau	63	10	..
Liberia	76	23	2.5
Mali	24	7	0.9
Mauritania	37	12	..
Niger	27	6	0.0
Nigeria	98	8	1.8
Senegal	53	12	2.2
Sierra Leone	45	14	0.6
Togo	102	24	1.7
ALL ECA MEMBER STATES	79	19	3.2
Oil exporters	98	26	5.7
Non-oil exporters	69	15	1.6
Least developed countries	53	11	1.1
Others	87	21	2.3

Sources: World Bank, *World Development Report 1985* (New York, Oxford University Press, 1985); *Statistical Yearbook 1985* (Paris, UNESCO, 1985).

Table 16. Literacy and newspaper readership

	Literacy rate (percentage) (1985)	*Newspaper circulation per 1000 inhabitants (1982)*
CENTRAL AFRICA	51.5	5.7
Angola	41.0	7.0
Burundi	33.8[a]	..
Cameroon	56.2	..
Central African Republic	40.2	..
Chad	25.3	..
Congo	62.9	..
Equatorial Guinea	37.0[b]	..
Gabon	61.6	14.0
Rwanda	46.6	0.1
Sao Tome and Principe	..	..
Zaire	61.2	..
EASTERN AFRICA	58.6	7.7
Botswana	70.8	22.0
Comoros	..	..
Djibouti	10.0	..
Ethiopia	55.2[c]	1.0
Kenya	59.2	12.0
Lesotho	52.0	33.0
Madagascar	67.5	6.0
Malawi	41.2	5.0
Mauritius	82.8	68.0
Mozambique	38.0	4.0
Seychelles	75.0	63.0
Somalia	11.6	..
Swaziland	67.9	15.0
Uganda	57.3	2.0
United Republic of Tanzania	79.0	11.0
Zambia	75.7	18.0
Zimbabwe	74.0	21.0
NORTH AFRICA	42.4	46.8
Algeria	49.6	22.0
Egypt	44.5	78.0
Libyan Arab Jamahiriya	66.9	..
Morocco	33.1	..
Sudan	32.0	5.0
Tunisia	54.2	41.0
WEST AFRICA	37.6	5.9
Benin	25.9	0.3
Burkina Faso	13.2	..
Cape Verde	47.4	..
Cote d'Ivoire	42.7	10.0
Gambia	25.1	..
Ghana	53.2	..
Guinea	28.3	..
Guinea-Bissau	31.4	7.0
Liberia	35.0	..
Mali	16.8	..
Mauritania	17.0	..
Niger	13.9	1.0
Nigeria	42.4	6.0
Senegal	28.1	8.0
Sierra Leone	29.3	3.0
Togo	40.7	7.2
ALL ECA MEMBER STATES	47.1	16.6
Oil exporters	45.5	27.4
Non-oil exporters	48.0	6.9
Least developed countries	44.4	4.2
Others	52.2	11.5

Sources: World Bank, *World Development Report 1985* (New York, Oxford University Press, 1985); *Statistical Yearbook 1985* (Paris, UNESCO, 1985); secretariat.

[a] 1982. [b] 1980. [c] 1983.