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Part A: Current Economic Trends

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This fifth issue of the Economic Bulletin for Africa contains a review of current economic developments in Africa, and two separate articles on specific subjects.

The secretariat of the Commission assumes full responsibility for the contents.

EXPLANATORY NOTES

The designations employed and the presentation of the material in this Bulletin do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the delimitation of the frontiers of any country or territory.

The following symbols have been used throughout this Bulletin:

... = not available or not pertinent;

— = nil or negligible;

★ = estimate by the secretariat of the Economic Commission for Africa.

In referring to combinations of years, the use of an oblique stroke - e.g. 1958/59 - signifies a twelve-month period (say from 1 July 1958 to 30 June 1959). The use of a hyphen - e.g. 1954-1958 - normally signifies either an average of, or a total for, the full period of calendar years covered (including the end years indicated).

Unless the contrary is stated, the standard unit of weight used throughout is the metric ton. The definition of "billion" used throughout is one thousand million. Minor discrepancies in totals and percentages are due to rounding.

RECENT TRENDS IN WORLD PRODUCTION AND TRADE

In industrial areas, economic developments, in 1961 were mainly characterized by a revival of economic activity in North America and continued growth in Western Europe and Japan, although in both instances at a slower pace than in the preceding years. In the centrally planned economies, with the exception of mainland China where growth virtually came to a standstill, overall production continued to rise due primarily to high rates of industrial expansion ranging from about 6 per cent in Eastern Germany to over 15 per cent in Poland. Agricultural production, on the other hand, either slowed down considerably or, as in the case of Bulgaria and Hungary, declined from the previous year's levels. Trends in less developed countries varied widely, according to effectiveness of domestic development policies and conditions in world commodity markets. However, the high 1960 rate of expansion of exports from these countries taken as a group was not repeated in 1961.

The North American recession, which set in around mid-1960, followed a pattern fairly similar to those observed in the three previous post-war downswings. Although the final demand for certain categories of goods declined noticeably inventory investments, as usual, displayed the largest decline among the major components of the gross national product. The recession, however, proved to be milder and shorter than the three previous ones, and signs of revival became apparent already in early 1961. By the end of the year, production and income had improved markedly and most economic indicators had surpassed their 1961 peaks. Nevertheless the performance of the United States economy for the year as a whole was not particularly impressive. The rise in the gross national product of only about 2 per cent did not amount to more than a half of the 1961 combined rate of growth of the Western European countries and one-fifth of the rate attained by Japan.

In contrast with the United States, economic expansion in Western Europe in 1961 started from high levels of production and utilization of resources. The steep and continuous rise of demand in the two preceding years had all but exhausted apparent reserves of manpower and capacity in most countries of the area by the early months of 1961, and in the course of the year scarcities of these factors in a number of cases retarded the expansion of output. However, around the middle of the year a slackening of demand for certain categories of goods became also visible in Western Germany and a few other countries. The combined effects of scarcities in some countries and sectors of production, and the weakening of demand in others, contributed to slowing down the pace of economic expansion. After the impressive rise of 10 per cent in 1960, industrial production in Western Europe registered in 1961 an increase of only 5 per cent. Thanks to a vigorous expansion of the service sector the effect of the deceleration in the growth of industrial output on the overall economic growth of the area was somewhat mitigated, so that the combined gross national product of Western European countries in 1961 showed an advance of somewhat over 4 per cent in comparison with the 6.4 per cent increase recorded in the preceding year.

The rapid rate of growth of Japanese production which has been in recent years appreciably higher than in other industrial countries was not maintained in the first half of 1962 and the index during this period was only slightly higher than in the last quarter of 1961. The expansion in 1960/61 was generated by an intense domestic demand, especially for capital goods, which caused a sharp rise in imports. However, this expansion was not supported by a corresponding rise in exports and as a balance of payments deficit developed in the course of 1961, the authorities introduced measures to curb the domestic expansion.

In the aggregate, world industrial production (excluding the centrally planned economies) increased by 3/3 per cent from 1960 to 1961, against 7.3 per cent from 1959 to 1960. During the first six months of 1962, world industrial output stood at a level which was 7.5 per cent above the corresponding period of 1961. World trade, like world industrial production, increased much less from 1960 to 1961 than from 1959 to 1960, the volume of world exports rising about 5 per cent (as average prices in world trade fell slightly during 1961, there was only a 4 per cent increase in value), compared with 12 per cent in the earlier period. The prices of manufactured goods continued to rise while the prices of primary products as a whole after following a downward movement in 1959 and 1960 declined further in 1961. The increase in the value of world trade in manufactures (by about \$3,000 million, or 4.4 per cent) was greater than that for primary products (by about \$2,400 million, or 4.1 per cent). A considerable part of the increase in respect of primary products, however, was accounted for by such exports from the industrial countries. Moreover, the rate of growth of world trade in manufactures in 1961 again outpaced the rise in world industrial output. While two-thirds of the rise in world exports in 1961 was accounted for by trade among the Western European countries (intra-trade among the EEC countries accounting for a large proportion of this expansion), exports from North America levelled off (with the exception of stepped up shipments to Japan) and those from Japan represented the smallest annual increase since 1958.

Furthermore, there occurred a further relative decline in commercial exchanges between the industrial and the non-industrial parts of the world. According to statistical data published in GATT, International Trade, 1961, it appears that while the decline in the share of non-industrial areas in world trade was up to 1958 due entirely to the fall in the share of world exports, trade in the opposite direction also showed a decrease in 1961.

TABLE A.I.1

World^{a/} Production and Trade

	<u>1959</u>	<u>1960</u>	<u>1961</u>
World Industrial Production (1958=100)	110	118	122
World Exports			
Value, f.o.b. billion US dollars	101.1	112.7	117.7
Volume index (1953=100)	139	154	162
Unit Value of World Exports	98	99	98
Manufactured goods (including base metals)	105	107	109
Primary commodities (excluding base metals)	94	94	92

Source: Monthly Bulletin of Statistics, (UN), June and November 1962.

^{a/} Excluding the centrally planned economies.

Total exports of the industrial countries (North America, Western Europe and Japan) rose from \$81,230 million in 1960 to \$85,570 million in 1961 and total imports (f.o.b.) expanded from \$78,430 million to \$82,340 million during this period. Total exports of North America and Japan remained close to the level of the preceding year. A marked expansion in the exchange of manufactured goods among the EEC countries continued to manifest itself in 1961 and trade between EEC and other Western European countries (not belonging to EEC) also rose considerably. Total imports into North America and the United Kingdom fell from 1960 to 1961, but they rose

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in the EEC and Japan. Of the increase of about \$1,000 million in Japanese imports (f.o.b.) about \$600 million was accounted for by expanded imports from the industrial areas (mainly from North America) and \$400 million from non-industrial areas. On the other hand, of the \$2,650 million rise in the EEC imports from 1960 to 1961, hardly \$200 million can be ascribed to higher imports from the non-industrial areas. The failure of the less developed countries to share in the prosperity and trade expansion experienced by those industrial countries which represent the most dynamic centres of industrial progress constituted the most alarming feature of international trade during 1961.

The aggregate volume of exports from the non-industrial countries rose by about 5 per cent between 1960 and 1961. On account of the continued drop in the commodity prices as a combined result of the slackening in the rate of growth of world industrial output and a growing disequilibrium between world supply of, and demand for, primary products, the value of exports rose by 2 per cent only. Moreover, the bulk of this increase was fairly heavily concentrated on a small group of exporters - Australia, South Africa and some oil producing countries. The combined exports to all the industrial destinations rose only from \$22,180 million in 1960 to \$22,470 million in 1961 and this increase of about \$300 million was exclusively on account of Australia and South Africa. There was even a slight decline in total exports from the non-industrial areas to North America and the United Kingdom and the increase was mainly concentrated upon Japan and the EEC countries.

Total imports (f.o.b.) of the non-industrial areas rose from \$32,800 million in 1960 to \$33,050 million in 1961, but these figures are strongly influenced by the two "developed" countries of the overseas sterling area (South Africa and Australia) which experienced significant import cutbacks during 1961. Excluding these two sterling countries, import expenditures (f.o.b.) of the non-industrial countries during 1961 was only 3 per cent above the 1960 level - compared with a rate of growth of 9 per cent between

1959 and 1960. Despite this sharp drop in the growth of import expenditures (which in many cases are vital to the implementation of economic development programmes), the trade deficit of the less-developed countries^{1/} showed a considerable deterioration as a result of stagnating exports.

As persistent price weakness of primary commodities has been an important factor in the relatively unsatisfactory development of exports of the non-industrial countries it is clear that unless market conditions facing the export products of the less developed areas improve, there are hardly not prospects for the expansion of export proceeds commensurate with the need for imports for economic development. While important contribution can be made to sustain and strengthen the flow of imports by massive capital transfers these can be of only a limited value unless there is a justified expectation that either exports will recover or imports will decline. Moreover, there is also the need to avoid burdening the developing countries with growing external debts which again in the absence of improved export prospects or reduced import needs can only serve to aggravate balance of payment difficulties. While in the long run significant contribution can be made to the demand of the products of the less developed countries by improved access to the markets of industrial countries through modifications in the commercial policies in the short run the continued vigorous growth and sustained expansion in the industrial economies remains the main determining force in the trade position of the less developed countries. Although market prospects in the centrally planned economies are difficult to gauge, it is evident that high rates of manufacturing production and rising standard of life would call for increasing supplies of primary products.

^{1/} All regions other than North America, Western Europe, Japan, Australia, New Zealand, South Africa and the centrally planned economies.

Short-term prospects

Contrary to the optimistic early forecasts, the expansion of the United States economy in 1962 did not gather momentum. The rise of the gross national product between the first and second quarters hardly amounted to 2 per cent; between the second and third quarters of the year it did not reach full one per cent. In his budget message at the beginning of the year, the President of the United States predicted that GNP would rise to \$570,000 million by the end of December. However, in the third quarter of 1962 it was only running at an annual rate of \$555,500 million.

The index of industrial production remained virtually stagnant throughout the third quarter. The sharp increase in automobile production in September and October was of a purely seasonal character, and there was no increase in consumer production as a whole.

The McGraw Hill survey, conducted before the Cuban crisis, suggests that capital spending next year will not be likely to provide the stimulus necessary to bring the United States economy to full capacity. According to the survey, American business as a whole plans to invest only 3 per cent more in new plants and equipment next year than it did in 1962. The increase expected in manufacturing industries is even less - about one per cent. Some important industries plan to cut down their capital outlays in the next year. This is notably the case of petroleum, where a 13 per cent cut is expected because of over-capacity in petro-chemical products.

The sluggish pace of economic expansion, particularly in the late summer and early fall, gave birth to a widely-spread pessimism. On the eve of the Cuban crisis business analysts were largely inclined to think that the United States economy was heading for another downswing in early 1963. However, the prospects of considerably increased military outlays following the Cuban crisis seem to have brought about a change in the business expectation. By the end of November, pessimistic predictions have been

replaced by expressions of confidence that economic expansion will continue in the first half of 1963 without any serious interruption. This, indeed, seems a more probable course than an immediate downturn, but nonetheless the fact remains that the slow rise of aggregate demand is putting a very narrow limit to the rise of output. Worst of all, excess capacity has been overshadowing the United States economy for several years now, and none of the expansion phases of the cycles following the 1957/58 recession had proved vigorous enough as to absorb it to a satisfactory degree. Under such circumstances the present expansion may well continue for sometime but there is nothing to suggest that its slow rhythm will accelerate appreciably in the near future.

The short-term outlook in Western Europe does not look very promising either if compared with the performance of the Western European economies in the last three years. Economic activity on the whole continues on rather high levels but the progression in most countries seems to be following a decreasing curve.

In the United Kingdom where both in 1961 and the first half on 1962 growth has been slower than in any of the highly industrialized countries of the area, some improvement was recorded in the latest months. In September, industrial production rose to the highest figure yet achieved, bringing the average output in the third quarter of the year to a level one per cent above the second quarter and 3.5 per cent above the first. Latest export figures are also encouraging and, besides, it is hoped that some recent measures, notably the cut in car purchase tax, will contribute to step up domestic demand. But, on the other hand, unemployment continues to be one of disturbing features of the UK economy, and it does not seem likely that the situation may improve before January or February 1963.

Economic activity in the European Economic Community, the most dynamic area in the last few years, develops at a clearly decelerating rate. Labour shortages seem still to be felt in certain sectors but on the whole this factor has lost much of its earlier significance. Demand has become the

determinant of the pace of economic expansion, and these trends appear to be rather mixed. Demand for consumer goods and particularly for services followed a fairly steep ascending line during the first three quarters of 1962, while the growth of investment demand has been declining steadily. Moreover, together with the building up of new capacity unused capacity in certain sectors of investment goods became apparent around the middle of the year. Exports to third countries recovered in the first quarter but from May onward they tended to stabilize around the level reached. In the second quarter of 1962 the total value of exports to those countries was only about one per cent higher than in the corresponding period of 1961.

Official forecasts assume that the first six months of 1963 will witness a further deceleration of economic growth of the Community. The expansion of investment demand is expected to slow down further, and the same applies to external demand emanating from the United States and most of the developing countries. Consumer demand, on the other hand, is expected to continue for some time at a rather high rate, but its growth is more than likely to be affected by the course of export demand and particularly investments.

All told, it appears that the pace of economic activity in the two most industrialized areas of the world - North America and Western Europe - in the few months to come will not be vigorous enough as to give a new impetus to international trade and more particularly to the trade of the less developed countries. Even with no downturn in the United States, the strength of expansion that can reasonably be expected in this country will fall short of what is needed in order to compensate the adverse effects of lower growth rates in Western Europe on export from the developing countries. In this connexion it is important to note that there are significant differences as between Western Europe and North America in relation to their dependence on imported supplies of agricultural raw materials and mining products. Such imports from the developing countries during 1953-58, when expressed as a proportion of total apparent consumption stood in North America at about 12 per cent, whereas in Western Europe this proportion was 37 per cent.

The concern of primary exporting countries has been heightened by the fact that the relatively high rates of growth recorded in Western Europe in 1961 together with a 2 per cent growth in the United States were not able to halt the disturbing trend in primary commodity prices. Unless wider and comprehensive attempts to mitigate the effects of the continuing downward drift of commodity prices are seriously undertaken (through the reduction of trade barriers, commodity stabilization schemes, compensatory financing schemes etc.) there seems no ground (especially in view of ample supplies of primary products) to expect any significant increase in demand that would halt the decline in prices on world markets.

CHAPTER A.II

RECENT TRENDS IN AFRICAN TRADE

(a) General Developments

The year 1961 again witnessed a considerable expansion (by about 6.5 per cent) in the volume of total exports from the African countries, but owing to a further fall in the average prices (by 6 per cent between 1958 and 1960 and slightly more than 3 per cent in the following year) received for these exports there was only a slight improvement in the total export earnings. A similar tendency in fact characterized the development of exports in recent years from all the other non-industrial regions as well where impressive increases in export quantum have persistently failed to bring about a corresponding gain in export proceeds.

The total export earnings of African countries increased from \$6,380 million in 1960 to \$6,530 million in 1961. This modest expansion in export receipts, however, was concentrated on the Republic of South Africa and the Sahara Department. Higher levels of exports from Libya, Senegal, Ivory Coast, Guinea, Togo, Nigeria, the Equatorial Customs Union, Angola, Mozambique, Mauritius, Kenya and Ethiopia were more than offset by the reduction in the value of exports from Morocco, Algeria, Tunisia, Egypt, Sudan, Dahomey, Niger, Congo (Leopoldville), Zanzibar, Tanganyika and Uganda. Changes in the export earnings of Gambia, Sierra Leone, Ghana, Cameroun, Rhodesia and Nyasaland and Reunion between 1960 and 1961 were only minimal.

Imports (c.i.f.) into Africa which at \$8,000 million in 1960 established an all-time record (about 11 per cent over 1959) receded to \$7,820 million in the subsequent year. These aggregate figures were the result of widely different movements in individual countries. The net reduction which took place in Africa's imports between 1960 and 1961 was principally due to a substantial fall in Algeria's imports (by about \$240 million, or 20 per cent) and the Republic of South Africa (by \$162 million, or 9 per cent). Important reductions also took place in the import expenditure of Libya, Senegal and Malagasy Republic. On the other hand, significant increases were registered in most of the other African countries.

TABLE A.II.1
African Trade by Currency Areas
 (million US dollars)

	1959	1960	1961	1962 Jan.-March
<u>Total</u>				
Export	5,870	6,380	6,530	1,710
Import	7,230	8,000	7,820	1,910
Balance	-1,360	-1,620	-1,290	- 200
<u>Of which:</u>				
<u>Sterling area countries</u>				
Export	2,840	2,970	3,060	780
Imports	3,240	3,700	3,550	840
Balance	- 400	- 730	- 490	- 60
<u>Franc zone countries</u>				
Export	1,440	1,649	1,745	487
Imports	2,351	2,677	2,591	633
Balance	- 911	-1,028	- 846	- 146
<u>Others</u>				
Exports	1,590	1,761	1,725	443
Imports	1,639	1,623	1,679	437
Balance	- 49	+ 138	+ 46	+ 6

Sources: International Financial Statistics (INF), November 1962;
Monthly Bulletin of Statistics (UN), November 1962;
La zone franc en 1960, Rapport publié par le Secrétariat
 du Comité Monétaire de la Zone France (Paris, 1962) and
Données Statistiques (INSEE, Paris), No.2 - April-June
 1962.

Note: Total trade figures include Secretariat estimates in
 respect of Congo (Leopoldville).

TABLE A.II.2
Percentage Changes in the Trade of African Countries
between 1960 and 1961

	Export	Import
Morocco	-3.1	+8.5
Algeria	-6.6	-19.1
Tunisia	-7.5	+10.5
Libya	+100.0	-9.7
UAR (Egypt)	-15.8	+5.9
Sudan	-1.6	+29.3
Senegal	+9.7	+13.9
Ivory Coast	+16.8	+28.3
Upper Volta	+19.1	+172.1
Tahomey	-21.2	-15.4
Niger	-28.8	+23.8
Guinea	+16.4	+46.0
Togo	+26.7	-
Gambia	+12.5	+44.4
Sierra Leone	+1.2	+21.3
Ghana	-0.7	+8.5
Nigeria	+2.6	+3.2
Cameroon	+1.0	+14.3
Equatorial Customs Union	+19.6	+10.9
Congo (Leopoldville) and Ruanda Burundi	-11.1	-10.0
Angola	+8.9	+10.9
Rhodesia and Nyasaland	+0.2	-1.2
Mozambique	+21.9	+3.9
Malagasy Republic	+4.0	-8.0
Reunion	-	-11.5
Mauritius	+59.0	-5.7
Zanzibar	-25.0	-
Tanganyika	-11.0	+4.7
Uganda	-3.3	+1.4
Kenya	+3.6	-1.5
Somalia	+13.0	+6.7
French Somalia	-	+42.9
Ethiopia	+3.9	+10.7
Republic of South Africa	+7.5	-9.7

Sources: Same as for Table A.II.1.

Many of these countries in 1961 enforced austerity import programmes and it is likely that the overall import figures for 1962 would also show a decline. Although the future development of African imports hinges crucially on the behaviour of commodity prices which to a large extent determine the regions' capacity to import, capital transfers from abroad to finance some of the investment plans which are now in the process of formulation in many African countries with the objective of accelerating the pace of economic growth and raising standards of life would undoubtedly play an important role in determining the level and structure of future imports.

As a result of the restraining measures adopted under the 1961 licensing policy for imports to curb the spurt in import demand in South Africa and the sharp fall in Algerian imports noted above, the aggregate trade deficit of Africa was reduced significantly in 1961. Calculated on the basis of c.i.f. value of imports, the passive balance of trade, which amounted to \$1,620 million in 1960 was reduced to \$1,290 million - a favourable swing of the order of \$330 million. While there was some improvement in the total position of Libya, Senegal, Dahomey, Togo, Angola, Rhodesia and Nyasaland, Mozambique, the Malagasy Republic, Mauritius, Uganda and Kenya, there was a marked deterioration in the trade deficits incurred by Morocco, Tunisia, Egypt, Sudan, Ghana and Ethiopia.

The table A.II.3 gives the breakdown of the flow of African trade by major currency areas. In sharp contrast to the sterling and the franc zone countries which improved their balance of trade position in 1961 of account of reduced imports and higher exports, the trade performance of the rest of the region was somewhat discouraging. Congo (Leopoldville), where special circumstances have contributed to the stagnation of commerce combined with the setbacks suffered by Egypt in exports, have been largely responsible for this development.

Moreover, not all the sub-regions participated in the expansion of African exports during 1961. Despite the marked progress recorded by oil exports from North Africa, the aggregate value of exports from this sub-region actually fell in 1961 due to adverse weather conditions prevailing in Morocco and Tunisia and a sharp fall in cotton exports from Egypt. While West Africa just about managed to maintain its total export proceeds close to the level of 1960, the net improvement was only visible in respect of exports from South and East Africa and there too it was not widely spread over all the countries but was primarily concentrated upon the Republic of South Africa and to a smaller extent also upon Angola, Mauritius and Mozambique.

TABLE A.II.3
African Trade by Sub-Regions

	Exports			Imports		
	1960	1961	1962 Iqr.	1960	1961	1962 Iqr.
North Africa	1,775	1,725	480	2,847	2,708	669
West Africa	1,520	1,540	446	1,760	1,908	452
South and East Africa	3,085	3,265	784	3,403	3,204	789

Sources: International Financial Statistics (IMF), Données Statistiques (INSEE, Paris) and Monthly Bulletin of Statistics (UN).

TABLE A.II.4
Geographical Distribution of African Exports going to
Industrial Countries
(percentage of total value)

	North America	EEC	U.K.	Other Western Europe	Japan	Total industrial countries
1959	9.0	39.7	20.9	4.8	1.8	76.2
1960	8.0	40.0	19.8	5.4	1.8	75.0
1961	8.9	41.9	19.9	5.0	2.4	78.1

Source: Monthly Bulletin of Statistics (UN), June 1962.

TABLE A.II.5

Exports Expressed as a Percentage of Imports

African countries	1959	1960	1961
Morocco	99.4	85.7	76.6
Algeria	32.1	31.1	35.9
Tunisia	92.8	62.8	52.6
Libya	10.5	6.7	14.8
UAR (Egypt)	71.9	85.1	67.7
Sudan	117.1	100.6	76.5
Senegal	65.2	62.8	80.0
Ivory Coast	119.1	125.8	14.7
Upper Volta	52.7	43.5	13.0
Dehomey	64.5	61.3	57.1
Niger	159.5	99.2	57.5
Guinea	48.3	110.0	87.7
Togo	120.0	57.7	73.1
Gambia	88.9	88.9	69.2
Sierra-Leone	83.3	110.7	92.3
Liberia	160.5	120.3	3.6
Ghana	90.5	81.0	74.1
Nigeria	91.2	76.9	76.5
Cameroun	131.7	115.5	102.1
Equatorial Customs Union	72.2	62.6	67.5
Congo (Leopoldville) and Ruanda-Burundi	160.0	160.0	177.8
Angola	95.4	96.9	118.4
Rhodesia and Nyassaland	110.5	113.1	114.7
Mozambique	55.0	57.5	67.4
Malagasy Republic	63.3	67.0	75.7
Reunion	65.9	71.2	63.8
Mauritius	101.7	55.7	93.9
Zanzibar	86.7	106.7	80.0
Tanganyika	134.4	146.2	124.3
Uganda	170.4	164.4	156.8
Kenya	62.2	57.1	60.1
Somalia	64.5	76.7	81.2
French Somaliland	7.7	7.7	5.0
Ethiopia	83.5	90.5	84.9
Republic of South Africa	79.7	72.4	85.9

Sources: International Financial Statistics (IMF), Données
Statistiques (INSEE, Paris), Monthly Bulletin of
Statistics (UN) and Notes d'Informations et
Statistiques (Banque Centrale des Etats de l'Afrique
de l'Ouest, Paris), No.37, October 1962.

Africa's trade continues to be conducted overwhelmingly with the industrialized countries in Europe and North America. The combined offtake of industrial countries amounted to 78 per cent of the total value of African exports in 1961 as compared with 75 per cent in 1960. The relative importance of the EEC countries rose further to 42 per cent as compared with 40 per cent in the preceding year and there was an increase in the proportionate share accounted for by North America and Japan whereas the United Kingdom's relative importance remained unchanged. The centrally planned economies accounted for 5 per cent of the total exports as against 6 per cent in 1961 and there was also a slight decline in intra-African trade as well as in exports to Asia (other than Japan).

TABLE A.II.6

Geographical distribution of African imports
from industrial countries
 (percentage of total value)

	North America	EEC	UK	Other Western Europe	Japan	Total industrial countries
1959	10.3	39.4	17.6	6.3	5.7	79.3
1960	11.0	41.4	17.3	6.3	4.5	80.5
1961	11.4	39.4	17.7	5.5	4.9	78.9

Source: Monthly Bulletin of Statistics (UN), June 1962.

In contrast to the increase in the combined share of industrial countries in African exports, their relative importance in imports fell somewhat in 1961 as a result of a reduction in total imports from the EEC countries (a fall in f.o.b. value from \$3,250 million in 1960 to \$3,030 million in 1961). As a matter of fact, the total decline in African imports

TABLE A.II.7

Trade of North America and Western Europe with Africa

MILLION US\$

Exporting and Importing Countries	EXPORTS TO AFRICA				IMPORTS FROM AFRICA			
	1959	1960	1961	First half 1962	1959	1960	1961	First half 1962
United States ^{a/} Canada ^{a/}	668 76	750 82	813 69	504 35	568 34	535 36	566 45	384 38
<u>Total North America</u>	744	832	882	539	602	571	611	402
Belgium-Luxembourg	186	163	149	89	329	383	379	188
France	1772	2053	1871	788	1231	1430	1517	874
Italy	210	243	263	130	284	322	328	211
Netherlands	182	206	203	100	203	198	224	124
West Germany	499	592	545	241	525	581	606	345
<u>Total EEC Countries</u>	2849	3257	3031	1328	2572	2914	3054	1739
Austria	31	30	28	13	24	31	34	16
Denmark	26	29	23	13	11	13	13	8
Norway	36	43	39	19	46	38	39	19
Portugal	101	103	95	45	81	93	100	37
United Kingdom	1289	1373	1383	658	1170	1244	1224	657
Sweden	92	105	74	53	52	57	53	27
Switzerland	70	69	73	36	52	58	74	34
<u>Total EFTA Countries</u>	1645	1752	1715	837	1436	1534	1537	798
Greece	4	4	4	2	14	16	20	6
Spain	44	37	31	18	38	30	47	32
Yugoslavia	23	32	26	22	20	52	21	17
Turkey	3	4	7	1	1	2	2	1
Iceland	3	3	3	1	16	16	17	11
Ireland	2	2	2	1	1	1	1	1
<u>Total Western Europe</u>	4573	5091	4819	2210	4097	4564	4698	2606
<u>Total Listed Above</u>	5317	5923	5701	2749	4699	5135	5309	3008

^{a/} Imports f.o.b.

Source: OECD, Foreign Trade, Statistical Bulletin, Series A, October 1962.

during 1961 was concentrated upon those emanating from the EEC countries. Imports from the United Kingdom were maintained in total value and those from the United States, Japan and the centrally planned economies rose slightly.

Imports from the United States into Africa during the first six months of 1962 registered an increase of about 17 per cent over the comparable period of 1961. While much of the increase in imports into Africa consisted of grain shipments (mainly under PL 480 programmes) necessitated by widespread crop failures in certain African countries, a significant portion of the expansion was directly attributable to stepped-up development activities by many newly-independent African States. Machinery of various types comprised the most important category of imports from the United States and their growth in part was sustained by foreign aid activities and a rise in private investment activities. In contrast to the growth in imports from the United States, there was a further drop in those coming from Western Europe. During the first half of 1962, imports (f.o.b.) from Western Europe amounted to \$2,210 million as against \$2,480 million in the corresponding period of 1961 - a fall of 12 per cent. Thus, important changes in the directional pattern of African import trade which set in 1961 have continued during 1962.

While only a small fraction of African trade is directed to the centrally planned countries, there has been a considerable strengthening of trade relations in recent years particularly since the Suez crisis. However, exports to this group of countries which had risen rapidly from \$156 million in 1955 to \$389 million in 1960 declined to \$327 million in 1961 and the bulk of the decline in the latter period was due to reduced shipments to mainland China and the Soviet Union. Exports to the other Eastern European countries, on the other hand, maintained their upward trend. It is important to note that the degree of concentration on African markets of the centrally planned countries' trade is relatively high and that with Egypt has represented a

relatively high proportion of total African trade with this region. With the re-emergence of Western Europe as the main market for Egyptian cotton during the first six months of 1962, it would seem that the absolute value of African exports to the centrally planned countries (in the absence of higher exports from other African countries which could be an offsetting factor) in 1962 would hardly be maintained at levels of recent years.

Imports from the centrally planned countries into Africa maintained their slow expansion in 1961 - rising to \$295 million from \$280 million in 1960. Here again there was a marked concentration upon Egypt although some increase took place in imports into a few other African countries during 1961.

Africa's exports to Asia (other than Japan) fell from \$227 to \$206 million (a fall of 10 per cent) between 1960 and 1961 whereas imports (f.o.b.) from this region fell even more steeply, i.e. from \$369 to \$300 million. As in the preceding years nearly nine-tenths of the total value of African exports to Asia was accounted for by Uganda, Egypt, Sudan, Ethiopia, Kenya, Tanganyika, South Africa and Rhodesia and Nyasaland and, among the Asian countries, India and Hong Kong were the principal destinations. While cotton continued to be the principal African export to Asia, diamonds and minerals are slowly gaining in importance, especially in exports to Hong Kong. Furthermore, India has started to import natural fertilizers in important quantities from North Africa.

According to somewhat incomplete data intra-regional trade in Africa declined from \$540 million in 1960 to \$520 million in 1961. It may be of interest, in the light of the efforts currently being made to lay the basis for economic co-operation among the African countries, to analyse the structure and pattern of intra-African trade. At the outset, it must be pointed out that a considerable segment of intra-African trade (which takes place across land-frontiers and by coastal shipping) is not recorded. The size of such trade flows is rather important especially in West Africa and

along the borders of Congo (Leopoldville) and Rwanda and Burundi. Moreover, on account of the recent accession to independence of territories which formerly belonged to larger administrative and political units, trade flows in local produce, in fact, is transformed into foreign trade activity and yet on account of loose customs control no adequate record of these flows is available. The only exceptions are customs unions where intra-trade is not recorded as external trade; intra-trade in East Africa on account of the continuing customs union among Uganda, Kenya, and Tanganyika does not, in fact, become a part of the recorded intra-African trade and similar is the case with the countries belonging to Equatorial Customs Union and the West African Customs Union. From the trade data available it seems that there are three principal trade flows and they constitute the bulk of recorded intra-African trade. The first important flow is the trade conducted between Rhodesia and Nyasaland and South Africa. Of the total imports amounting to about \$490 million in 1961 into Rhodesia and Nyasaland, nearly \$150 million worth of shipments came from Africa (of which South Africa alone accounted for 90 per cent). South African and Rhodesian imports from Africa represent nearly one half of total intra-African recorded trade. The commercial relations between the two countries have been facilitated by the existence of special trade and tariff agreement which has fostered the exchange of manufactured goods between the two countries. In July 1960, the 1955 trade agreement between the Federation of Rhodesia and South Africa was replaced by a new Agreement. The terms of the new Agreement substituted for the special preferences formerly enjoyed by South African exporters in the Federation's market, the preferential tariff applicable generally to self-governing Commonwealth countries. At the same time the agreement secured for its initial life of five years, preferential access into South Africa of a short list of Rhodesian exports, most of which are especially dependent on the South African market. Imports into Rhodesia and Nyasaland from South Africa declined from \$146 million in 1960 to \$135 million in 1961 and there was also a fall in the opposite direction from \$36 to \$34 million.

The second important trade flow is one which comprises the commercial exchanges of the North African countries among themselves and with the other Franc zone countries in Africa. Tunisia, Morocco and Algeria have been traditionally carrying an important trade across their borders. Algeria expended about 10 per cent of her import outlays in 1961 on those coming from other African countries and Morocco, Ivory Coast and Senegal figure prominently as suppliers. Algeria's exports to other African countries during 1961 amounted to 4 per cent of her total export receipts (and Morocco, Tunisia and Ivory Coast were the principal destinations). The relative position of African countries in Morocco's foreign trade in 1961 stood at about 12 per cent for exports (half of the total value accounted for by Algeria and the rest spread over a dozen different destinations) and only 4 per cent for imports. Tunisia's imports in 1961 from Africa accounted for about 3 per cent of her total outlays and nearly one half of the total value was represented by goods coming from Algeria.

Another important sector of intra-African trade consists of the commercial exchanges between the seven member states belonging to the West African Customs Union, on the one hand and the other neighbouring African countries. Imports (excluding intra-trade among the members of this Customs Union) from Africa represented 7 per cent of the total in 1961 as in 1960. The proportion was, however, as high as 22 per cent for Upper Volta and 19 per cent for Niger, whereas for Mauritania it stood at only 1 per cent and for Senegal, Mali and Ivory Coast at about 5-6 per cent each. While Upper Volta's and Niger's imports from the region almost exclusively originated in Ghana and Nigeria, the bulk of imports into the other five countries came from the African countries belonging to the Franc zone. For the West African Customs Union, as a whole, Morocco was the leading African supplier in 1961 as in 1960 but Ghana replaced Algeria as the second important source and the fourth place was occupied by Nigeria followed by Malagasy Republic, Angola, Guinea and Equatorial Customs Union. Total imports into the West African Customs Union from African suppliers rose by 15 per cent from 1960 to 1961.

The share of Africa in the directional pattern of exports from West African Customs Union at 13 per cent in 1961 stood at identically the same level as in 1960. Proportionate shares accounted for by intra-African exports among the different countries varied much more widely than in respect of imports. For instance, 81 per cent of total exports from Upper Volta in 1961 were accounted for by those going to Africa (live animals to Ghana). More than 75 per cent of total exports from Mauritania also went to Africa and in respect of Niger the proportion was 33 per cent (here again the trade is concentrated upon live animals to Nigeria and Ghana). Ivory Coast's exports to Africa represented only 11 per cent of its total world exports and the proportionate share in Senegal stood at 9 per cent. Algeria accounted for one-half of the total value of exports to Africa from the West African Customs Union and another one-third was spread over Ghana, Morocco and Nigeria.

(b) Notes on Trade of Selected African Countries

The main developments in the foreign trade of most of the African countries in the course of 1961 are briefly reviewed below. Only in some cases, it was possible to carry the review further to cover the first half of 1962.

Morocco: During 1961, Morocco's commercial exchanges with the rest of the world were seriously affected by a severe drought which necessitated substantial food imports and resulted in reduced export availabilities. Imports grew from \$400 million in 1960 to \$448 million in 1961 and the increase was largely confined to foodstuffs (mainly wheat and barley imports under the United States Food for Peace Programme). While the only important category to experience expansion was iron and steel, the overall share of the capital goods did show a small relative increase. Sugar continued to be the leading import item followed by fuels and their value remained close to the corresponding 1960 figure.

Exports fell slightly from \$354 million in 1960 to \$343 million in 1961. The most important item - natural phosphates - showed only a fractional decline in value (from \$84 to \$81 million) despite a small increase in volume. Citrus fruit, on the other hand, rose in value from \$36 to \$43 million. However, the combined earnings of cereals and tomatoes were reduced by one-half to \$16 million in 1961 and accounted for more than the net reduction in Morocco's total export proceeds during this period.

According to the preliminary data for January-June 1962, despite the recovery in agricultural output exports remained almost unchanged as compared with the corresponding period of 1961, whereas imports fell from \$219 to \$212 million.

The poor trading results for 1961 led Morocco to take decisive steps to reduce import bills and also to protect the growing domestic industries from foreign competition. Effective January 1962, the Moroccan authorities increased tariff rates on a wide range of textile products. This measure was in addition to the earlier ones introduced in the Autumn of 1961 which

consisted essentially of the requirement of a 25 per cent prior deposit for most imports while customs duties were increased up to 100 per cent on a number of imports to protect local production and reduce imports of luxury goods. Moreover, it is expected that when motor car and tractor assembly plants start producing in adequate volume to meet domestic needs, there will be further intensification of import restrictions.

With an expanding network of bilateral trade and payments agreements, Morocco has been making serious endeavours to diversify its markets. It is too early to assess the impact of these agreements on the geographical pattern of trade and France continues to be the leading destination for exports (32 per cent of the total in 1961) and an important supplier (50 per cent of all imports).

TABLE A.II.8

MOROCCO: Foreign Trade in 1961
(Value in millions of US dollars)

Commodity group	Imports, c.i.f.		Exports, f.o.b.	
	Value 1961	Percentage change over 1960	Value 1961	Percentage change over 1960
Total	448	+ 12	343	+ 3
Food, drink and tobacco	111	+ 26	148	+ 9
Fuels	31	+ 4	3	+ 1
Minerals	3	+ 3	133	+ 4
Other crude materials	41	+ 12	27	+ 10
Semi-finished articles	78	+ 5	17	+ 9
Machinery and equipment	59	+ 13	1	+ 2
Manufactured consumer's goods	117	+ 5	13	+ 19
Unspecified	8	...	1	...

Source: National statistics.

Algeria: The foreign trade of Algeria during 1961 and early 1962 was adversely affected by unsettled internal conditions. It has been an essential fact of the country's economic life that non-Algerians have hitherto played an important role which has been particularly preponderant in respect of foreign trade activities. Not only did they own and export the bulk of shipments but they also represented the main area from which the import demand emanated. Thus, it can be safely assumed that the mass exodus of non-Algerians accounted for the sudden decline in total import expenditures (from \$1,265 million in 1960 to \$1,024 million in 1961) and the tendency for imports to grow continuously which persisted throughout the decade of the fifties and which also lead to mounting trade deficits was arrested. Imports of passenger cars fell from 44,550 units in 1960 to 17,910 units in 1961 and trucks from 12,150 to 5,350 units. A similar drop was noticeable for most of the manufactured goods.

Exports were down from \$394 million in 1960 to \$369 million in 1961. Wine continued to be the most important export item from Algeria and in value terms represented about one-half of her total exports in 1961 as in 1960; wine shipments fell in value from \$211 to \$190 million reflecting a smaller volume. Next to wine, citrus fruit accounts for the largest share in Algeria's export proceeds. Though there was a fall in volume, citrus fruit exports rose from \$25 to \$27 million. Iron ore exports fell both in volume and value (from \$29 to \$22 million). A variety of minor export items such as potatoes, other vegetables, olive oil, cereals and phosphates also recorded lower values in 1961.

The continued spurt in the Sahara oil output was the only really expanding sector of the Algerian economy. Production rose from 8.6 million tons in 1960 to 15.6 million tons in 1961 and is expected to reach 22 million tons in 1962. However, the problem of marketing Sahara crude oil may soon become acute, especially as production may even outstrip the whole of French domestic capacity for refining crude oil. It is very likely that Algeria may itself refine part of the output on the spot with a view to maximize export earnings.

The overwhelming preponderance of France in Algeria's trade relations was maintained in 1961 at a level close to that of earlier years with the share in both exports and imports exceeding four-fifths of the total.

Tunisia: Tunisia's foreign trade deficit in 1961 approached the \$100 million mark and export earnings barely covered one-half of aggregate import outlays. Foreign exchange reserves fell from \$82 to \$71 million between 1960 and 1961 largely due to capital outflow whereas a part of the expansion in imports was sustained by capital transfers from abroad and PL 480 grants.

Total exports in 1961 were down from \$120 million in 1960 to \$111 million owing to crop failure. The fall was concentrated on cereals (down from \$20 to \$5 million). Olive oil exports showed a marked recovery in 1961 although their value was still below the 1959 figure. Exports of wine, citrus fruit and iron ore were maintained in 1961 at a level close to that of 1960. During the first six months of 1962, exports were valued at \$58 million as compared with \$63 million in the corresponding 1961 period and the effects of last year's cereal crop failure continued to depress total exports.

Imports at \$211 million in 1961 represented an increase of 10 per cent over 1960 and the major part of the increase occurred during the first six months of 1961. Imports during this period amounted to \$115 million whereas in the corresponding period of 1962 the figure stood at \$106 million. Of the total increase of \$20 million in imports between 1960 and 1961, wheat imports alone accounted for \$16 million. Imports of various categories of manufactured goods during the first half of 1962 suffered reductions as a result of measures introduced in the latter part of 1961 in the form of advance deposit requirements and quantitative restrictions.

Tunisian foreign trade remains oriented essentially toward France in spite of the Bizerta crisis and other political difficulties. About 55 per cent of external trade in each direction was conducted with France in 1961. However, Tunisian imports from, and exports to France remained constant in absolute value from 1960 to 1961 and the share of the United States in exports rose significantly in 1961.

TABLE A.II.9

TUNISIA: Pattern of exports(Quantities in thousand tons and
values in million US dollars)

Commodity	Quantity		Value	
	1960	1961	1960	1961
Total exports	..	..	120	111
Wheat	117	34	12	4
Barley	69	-	4	-
Semolina	26	9	4	1
Citrus fruit	38	42	4	4
Wine	131	125	17	17
Olive oil	26	45	14	23
Alfa	106	78	3	2
Phosphate, natural	1,688	1,691	15	15
Phosphate fertilizers	112	152	6	8
Iron ore	1,041	899	8	7
Iron and steel scrap	30	19	1	1
Lead inc. alloys	17	19	3	3
Cement	231	112	2	1
All other commodities	..	..	27	25

Source: National trade statistics.

Libya: The salient economic achievement in 1961 was the transition from oil exploration to oil production. This change had a marked impact on foreign trade. Exports doubled in value - from \$11 million in 1960 to \$22 million in 1961 (the bulk of the increase occurring in the last quarter as first exports of crude oil began taking place) and imports declined from \$169 million as the flow of machinery and equipment for petroleum exploitation started receding upon the completion of work on the new oil fields. However, the availability of oil royalty revenues is expected to provide the impetus for imports necessary for the acceleration of economic development.

The value of exports other than crude oil dropped from \$9 million in 1960 to \$7 million mainly due to the fall in exports of live animals, citrus fruit, almonds and raw hides. Exports of olive oil, however, registered a significant increase in 1961 over 1960.

The geographical distribution of foreign trade in 1961 shows a concentrated pattern. Nearly three-quarters of Libya's requirements in 1961 were imported from four countries, i.e. Italy, the United Kingdom, the United States and the Federal Republic of Germany. The largest customers for Libya's exports were the United Kingdom and Italy.

United Arab Republic (Egypt): After having improved in 1960 there was again a setback in export receipts in 1961 mainly due to the reduction in cotton exports (from \$382 to \$297 million, or by 22 per cent) as a result of the 30 per cent contraction in the volume of exports. The contribution of cotton earnings to total export income fell from 70 per cent in 1960 to 64 per cent in 1961. Earnings from exports of rice, potatoes and dried fruits were also reduced due to the lower volume. With the growth of secondary production, some branches of manufacturing have been able to develop export capabilities and although there was some setback in textile exports during 1961, the overall export value of semi-manufactured and manufactured goods was nevertheless maintained at the preceding year's level.

Imports (c.i.f.) at \$684 million in 1961 were about 6 per cent larger than in 1960. The larger purchases of wheat, beverages and sugar were to some extent offset by reduced imports of kerosene and drugs. There was a sharp increase from \$4 to \$33 million in imports of locomotives, whereas the value of aggregate machinery imports fell.

The direction of foreign trade during 1961 showed little change over the previous year. Eastern Europe remained the main outlet for exports and the Soviet Union and Czechoslovakia were the leading customers for cotton. Imports from the Soviet Union at \$78 million were \$14 million higher than in 1960, whereas imports from Czechoslovakia receded from \$23 to \$17 million. As in the preceding year the centrally planned economies again accounted for 24 per cent of total imports and 43 per cent of total exports. However, increased commerce with several Western European countries and the United States and reduced trade with the centrally planned economies appeared in the trade pattern of Egypt in early 1962.

During the first six months of 1962, exports were valued at \$252 million and imports at \$376 million and the adverse trade balance incurred reached an alarming level. With the active assistance of the International Monetary Fund a comprehensive programme to strengthen the country's domestic economy and to improve its balance of payments was put into effect in May 1962. The programme calls for various reforms in the realm of exchange and commercial policy, viz. adoption of a single rate replacing the multiple exchange rate structure, elimination of bilateral payments agreements with the Fund's members, liberalization of import policy and placing it on a non-discriminatory basis.

TABLE A.II.10

UAR (Egypt): Commodities Exported in 1960 and 1961

(Quantities in thousand tons and
value in million US dollars)

Commodity	Quantity		Value	
	1960	1961	1960	1961
<u>Total Exports</u>	..	..	<u>549.9</u>	<u>462.9</u>
Raw cotton	337	265	382.4	296.9
Rice	280	203	28.2	20.7
Vegetables and fruits	337	219	19.5	16.4
Fuels	1,055	2,043	12.6	21.2
Cotton textiles	33	27	45.4	39.6
Sugar and confectionary	98	126	5.7	8.3
Artificial silk fabrics	2	1	3.4	2.3
All others	..	..	52.7	57.5

Source: Economic Bulletin (National Bank of Egypt)

Sudan: Exports from the Sudan in 1961, at \$179 million, were only \$3 million below the level of 1960, while imports (c.i.f.) rose from \$181 to \$234 million. As this increase in imports was largely financed by foreign grants and credits, the appearance of a large trade gap did not adversely affect the country's foreign exchange reserves.

Cotton continues to be the mainstay of the economy and accounted for over one-half of all export earnings. The volume of cotton shipments remained unchanged from 1960 to 1961 but there was a 6 per cent fall in their value.

The United Kingdom, though continuing to be the leading customer for cotton, reduced its purchases sharply from \$32 to \$19 million and this fall was offset by increases in respect of shipments going to the Federal Republic of Germany (from \$6 to \$12 million) and Italy (from \$6 to \$12 million).

The expanded import outlays in 1961 affected all the major categories. Outlays on textiles expanded from \$35 to \$41 million and those on automobiles from \$10 to \$14 million but the most noteworthy increase was in respect of machinery (from \$20 to \$41 million). With the exception of India and Egypt, all the main suppliers participated in the expansion of imports during 1961. Imports from the United Kingdom rose from \$50 to \$62 million and those from the Federal Republic of Germany from \$15 to \$24 million. The United States and Japan each supplied about \$14 million worth of goods in 1961 - more than doubling the corresponding figure for 1960.

TABLE A.II.11

SUDAN: Commodity Exports in 1960 and 1961

(Quantities in thousand tons and value in million US dollars)

Commodity	Quantity		Value	
	1960	1961	1960	1961
<u>Total exports</u>	..	..	<u>182.0</u>	<u>178.7</u>
Cotton	105	106	95.1	89.1
Gum Arabic	52	51	20.0	17.6
Groundnuts, shelled	66	86	12.6	15.4
Sesame seed	76	63	13.2	12.0
Cotton seed	93	118	8.0	10.5
Hides and skins	5	5	2.9	2.9
All others	..	..	30.2	31.2

Source: Foreign Trade and Internal Statistics, Khartoum (December 1961).

Senegal: The recent evolution of Senegalese foreign trade is difficult to trace as it was only since August 1960 that separate trade statistics for Senegal have become available. During earlier periods Senegal's trade is included with that of Mali and Mauretania. Excluding trade with the other member countries of West African Customs Union which is of considerable importance to Senegal's industry (exports consist of various manufactured and semi-manufactured products with a small share of value added - resulting from bulk breaking, bottling or very superficial processing), the value of Senegal's exports stood at \$124 million in 1961 and more than four-fifths of which consisted of groundnuts, oil and oilcakes. During the first six months of 1962, there has been a sharp decline in exports of groundnuts, and groundnut oil to all the major markets other than France. The French market (which continues to pay higher prices than those ruling on world markets) absorbed a slightly increased quantity, but not enough to offset the drop in sales to other destinations. Imports, on the other hand, were maintained close to the 1961 levels and consequently trade deficit for the first six months of 1962 at \$17 million was considerably larger than that for the same period in 1961 (\$6 million).

Trade with France accounted for 70 per cent of the total value of exports and 65 per cent for total import outlays.

TABLE A.II.12

SENEGAL: Pattern of exports 1960 and 1961

(Quantities in thousand tons and
value in million US dollars)

Commodity	Quantity		Value	
	1960	1961	1960	1961
<u>Total Exports</u>	..	..	113	124
Groundnuts	253	269	44	46
Groundnut oil	110	126	41	47
Oil cake	163	181	9	10
Hides and skins	2	1	1	1
Gum Arabic	4	2	1	1
Phosphates of Alumina	95	90	1	1
Wheat flour	11	16	2	2
All other commodities	..	..	14	16

Source: Bulletin Statistique et Economique Mensuel, (Rep. du Senegal), Dakar.

Mali: Accurate export picture is particularly difficult to determine for Mali. As in the case of other similarly situated land-locked countries, which formerly belonged to larger administrative units, the attainment of independence has involved significant changes in foreign trade administration and policies.

Until September 1960 when Mali interrupted its relations with Senegal most of Mali's foreign trade was conducted through Dakar but since then it has come to rely heavily on Abidjan port and the traffic carried by Chemin de Fer Abidjan-Niger has consequently expanded substantially. Another significant development affecting Mali's economic relations with the rest of the world was its withdrawal, announced in July 1962, from the West African monetary arrangements and its decision to create its own independent currency and central bank.

Exports from Mali in 1961 amounted to about \$10 million and imports were valued at \$32 million. These figures exclude trade with the other member states belonging to West African Customs Union. No comparable data for earlier years are available since trade statistics of Mali were merged with those of Senegal and Mauritania. However, according to French statistical sources, it appears that exports (c.i.f.) from Mali to France in 1961 were valued at about \$6 million (5 per cent above the 1960 level) and imports (f.o.b.) amounted to \$19 million (as against \$11 million in 1960).

There are indications that Mali is seriously endeavouring to widen markets for its export products (kolanuts, live animals and groundnuts). At the same time, the provenance of its imports may become more diversified as a result of the operation of trade agreements. When more complete trade data are available for 1962, some of these results may become more apparent.

Ivory Coast: The value of exports as well as imports reached an unprecedented level in 1961. While the former rose from \$151 to \$177 million (or by 17 per cent over 1960), the increase in respect of the latter was even steeper (from \$120 to \$154 million, or by 28 per cent). Despite this substantial growth, Ivory Coast continued to remain as one of the few countries in Africa enjoying a positive balance of trade.

The most noteworthy feature of Ivory Coast exports in recent years has been an exceptionally high annual rate of growth in the volume of exports which has been sustained by a phenomenal expansion in the output of commercial crops. The volume of exports nearly doubled between 1958 and 1961, almost rising by 25 per cent annually. However, owing to the depressed level of prices fetched by these exports, movements in the level of export earnings have not reflected the gains registered in respect of quantum. For instance, coffee exports rose from 36 per cent in volume between 1958 and 1961 but only 8 per cent in value, cocoa shipments expanded by 91 per cent in quantum but only 52 per cent in value and banana exports doubled in volume but rose by 67 per cent in value. On the other hand, timber exports expanded in value by about 150 per cent whereas the quantum increase was only 97 per cent. As a result of these divergent price and volume movements, the share of timber in total export proceeds after rising from 11 per cent in 1958 to 17 per cent in 1960 expanded further to 19 per cent in 1961, whereas coffee accounted for 46 per cent of the total in 1961 as against 50 per cent in the preceding year and cocoa's share also fell from 23 to 22 per cent. Bananas accounted for 5 per cent of Ivory Coast's export receipts in 1961 as compared with 3 per cent in 1960. With expansion in the exports of manganese ore (109,000 tons valued at \$2.6 million) and diamond sales (from \$1.4 to \$3.3 million between 1960 and 1961), mineral exports gained some prominence for the first time in the commodity structure of Ivory Coast's exports.

Despite rising import expenditures, no sharp changes have occurred in the structure of imports during recent years. For instance, fuels continue to represent about 17 per cent of import outlays whereas the share of machinery (about 30 per cent), food and drink (20 per cent) and textiles (3 per cent) remained almost constant from 1959 to 1961.

Although France continues to supply the largest share of Ivory Coast imports and to purchase most of its exports, it is noteworthy that trade in both the directions with the United States, the United Kingdom and the EEC countries shows a rising trend and in many cases the increase has been more than proportional to the overall expansion of the Ivory Coast's trade.

TABLE A.II.12

IVORY COAST: Pattern of Exports

Commodities	Quantity Thousand tons		Value Thousand dollars	
	1960	1961	1960	1961
<u>Total Exports</u>	..	..	<u>151</u>	<u>171</u>
Coffee beans	148	154	76	82
Cocoa beans	63	88	35	40
Hardwood	655	793	26	34
Bananas	73	92	5	9
Palm Kernels	16	13	2	1
Diamonds	..	..	1	3
All other commodities	..	..	6	8

Source: National Statistics.

Upper Volta: In view of its particular geographical location as a land-locked country (without a full fledged customs cordon) and being surrounded by six African states with substantial traditional but unrecorded trade currents flowing into and passing through its territory, the foreign trade returns for Upper Volta at best serve only as partial indicators. Recent studies^{1/} reveal that official customs returns represented in 1956 less than 20 per cent of estimated imports and about 30 per cent of exports. Unlike the exports of most other African states in the Franc Area whose major destination is France, Upper Volta's export proceeds are determined essentially by the level of shipments to Ghana (and that too shows a marked concentration on live animals) and to the other neighbouring member states in the West African Customs Union and in respect of imports, France and Ghana are predominant. The agreement with Ghana to suppress the customs barriers concluded in June 1961 has been one of the most significant recent developments in commercial policy.

^{1/} Bulletin mensuel (Banque Centrale des Etats de L'Afrique de l'Ouest, Paris), No. 83, June 1962.

In August 1962, Ghana and Upper Volta reviewed the working of this agreement and introduced further practical measures to establish the free trade area.

Of the total recorded exports worth \$2.8 million consisting mainly of live animals (\$2.5 million) and vegetables. However, total exports to Ghana in 1961 were lower in value than in the preceding year. Total recorded imports into Upper Volta during 1961 amounted to \$28 million a more than threefold increase over 1960 (\$8 million) and a very substantial rise was registered in all the principal categories (textiles, transport material, sugar, fuels, base metals and machinery). It is, however, difficult to tell how much of this increase has been due to the registering of the very considerable volume of previously unregistered trade. France supplied about 60 per cent of total imports and Ghana accounted for 20 per cent.

Dahomey: Dahomey is also one of the West African countries with a substantial unrecorded trade, especially that which takes place with or which passes through the neighbouring countries. Various estimates made on this subject^{1/} show that recorded imports give an inadequate picture of total imports not only on account of illegal imports but also because of unrecorded coastal trade and subsequent re-exports to Niger. The most important fact in this respect is that as of April 1962 the customs tariff of Dahomey was reduced so as to be almost aligned with duties in Togo and Nigeria. The reductions were introduced for a trial period of six months and will be maintained if recorded direct imports increase sufficiently. The measures taken have been approved by the West African Customs Union provided that the goods thus imported will not be subsequently re-exported to other countries of the Union.

These measures are not yet reflected in the trade returns for 1961 which show a sharp decrease in recorded imports. This decrease is essentially due to the completion of some investment projects although it is possible that the intensified flow of unrecorded imports also played a certain role.

^{1/} See Notes d'Information et Statistiques (BCEAO) No. 82, Mai 1962.

On the export side, the performance was poor on account of the sharp drop in palm kernel and palm oil shipments. Exports of coffee, fish and cotton, on the other hand, which were negligible in 1960 gained some ground.

TABLE A.II.13

DAHOMY: Pattern of Exports 1960 and 1961

Commodity	Quantity		Value	
	Thousand tons		Million US dollars	
	1960	1961	1960	1961
<u>Total Exports</u>	..	..	<u>18.3</u>	<u>14.5</u>
Palm kernels	61.3	48.5	8.8	5.5
Palm oil	16.0	11.1	2.3	2.1
Groundnuts	15.4	12.5	2.8	3.4
Fish	2.4	2.7	..	1.0
Coffee	0.9	2.1	..	1.1
Karite	0.8	2.9	..	0.2
Cotton	1.1	1.3	..	0.7
All other commodities	..	..	..	0.5

Source: National trade Statistics and data partly taken from Marches Tropicaux et Meditteraneans, 23 June 1962.

Guinea: In spite of a substantial increase in exports, 1961 was characterized by the reappearance of the import surplus (\$11 million). There was nearly a three-fold rise in alumina shipments from FRIA, accounting now for 48 per cent of the total export proceeds. Although bauxite shipments decreased because of domestic utilization for alumina production, metals and minerals contribute more than two-thirds of total export receipts. Agricultural commodities accounted for 33 per cent of the total as against 47 per cent in 1960.

On the import side, the most significant increase occurred in textiles and in metal and engineering products (particularly lorries and motor cars) whereas imports of foodstuffs remained unchanged.

No major change in the geographical pattern of trade occurred in 1961. The trade deficit with the centrally planned economies increased from 1960 to 1961, accounting for 41 per cent of Guinea's imports but only 25 per cent of its exports. This difference can be explained partly by the high share of imports financed by credits and partly by the fact that alumina exports go essentially to Western Europe and Cameroun. Imports from France in 1961 accounted for 12 per cent of all imports as compared with 30 per cent in 1960. Despite the sharp increase in imports from the centrally planned economies in 1961, Western Germany ranked, for the first time, as the most important supplier of Guinea, taking the place which Czechoslovakia occupied in 1960. On the other hand, the relative share of France declined and its purchases consist now exclusively of alumina. However, it seems likely that Guinea with the conclusion of various trade and aid agreements with the United States and Western European countries may revert to a more diversified geographical pattern of trade.

Togo: Togo is one of the very few countries which managed to reduce substantially its trade deficit in 1961 thanks to an almost 30 per cent increase in exports and an unchanged import bill. However, this general picture calls for some qualifying remarks. In the first place, the imprecise nature of trade statistics cannot be overemphasized. Out of a total increase of \$4 million about \$1.5 million is accounted for by the re-exportation of equipment used for the Port of Kpeme. Furthermore, it is believed that because of the substantially higher prices paid to producers in Togo, some 5,000 tons of cocoa were smuggled in from Ghana. It is also likely that unrecorded imports from Ghana (other than cocoa) have completely disappeared and unrecorded exports to Ghana increased in substantial proportions.

As far as traditional exports are concerned, there was a sharp increase in coffee accompanied by a decrease in unit values since a higher share of the record crop had to be sold to countries outside the Franc Zone. In the

case of cocoa the increase in the volume of exports was more than offset by the decrease in unit values. As for the other products, exports generally decreased in volume and value with the exceptions of copra, manioc and tapioca. Finally the commencement of phosphate exports (going mainly to Japan) made a significant contribution to export receipts.

On the import side the negligible increase in total values can be ascribed mainly to the substantial decrease in imports of machinery and equipment, the share of which, in the total outlays, went down from the exceptionally high proportionate figure of 42 per cent in 1960 to 29 per cent in 1961. On the other hand, owing to the downward adjustment of import duties and to larger availabilities of foreign exchange, imports of manufactured consumer goods have increased very substantially, replacing previous contraband flows from Ghana. This tendency was further re-enforced by the appearance of Japanese goods on the Togolese market. Imports from Japan, after having been practically negligible in the preceding years, reached close to \$1 million in 1961. Trade with centrally planned economies did not increase further in 1961 but was maintained at the already fairly high level in 1960.

TABLE A.II.14

TOGO: Pattern of Exports 1960 and 1961

Commodity	Quantity Thousand tons		Value Million US dollars	
	1960	1961	1960	1961
Total Exports	..	..	15	19
Coffee	4	10	3	5
Cocoa	9	12	6	5
Copra	3	5	1	0
Palm kernels	14	11	2	1
Manioc and tapioca	9	10	1	1
Cotton	3	2	2	1
Phosphate, crude	-	47	-	1
All other commodities	..	..	1	5 ^{a/}

a/ Of which "motors, machinery and spare parts" amounted to \$1.6 million.

Source: Banque Centrale des Etats de l'Afrique de l'ouest, Notes d'Information et Statistique, No. 80, March 1962.

Sierra Leone: The creation of the Government Diamond Office in August 1959 has resulted in a substantial curtailment of unrecorded shipments of diamonds and consequently the total export earnings of Sierra Leone since then show a great improvement over 1958-59. In 1961, total exports (including re-exports) were valued at \$84 million, of which diamonds alone amounted to \$45 million. As compared with 1960, the quantity of diamonds exported remained unchanged but their total value suffered a 3 per cent reduction on account of lower prices. Among the other main export commodities, there was some expansion in iron ore (from \$11.6 million to \$13.1 million) whereas coffee, cocoa and palm kernels recorded reduced values.

The sharp rise in import outlays (from \$75 to \$91 million) between 1960 and 1961 stemmed largely from the expansion registered by machinery and equipment categories (from \$11 to \$21 million). Higher outlay on fuels and cotton textiles more than offset the decline in food imports.

The United Kingdom retained its position as the leading trade partner (accounting for almost 80 per cent of exports and 45 per cent of imports) and the increase in the share of the FR of Germany which rose from 4 to 8 per cent was about the only significant change in the geographical pattern of trade.

TABLE A.II.15

SIERRA LEONE: Principal Exports, 1960 and 1961

Commodity	Quantity Thousand tons		Value Million US dollars	
	1960	1961	1960	1961
Total Exports, of which	..	..	82.9	83.7
Coffee, raw	5.2	5.1	1.8	1.7
Cocoa beans	3.3	2.8	1.9	1.3
Palm kernels	55.4	58.7	8.2	6.8
Iron ore and concentrates ^{a/}	1565.2	1682.2	11.6	13.1
Diamonds ^{b/}	2055.4	2045.2	46.2	44.7

Source: Sierra Leone Trade Statistics.

^{a/} Gross weight; iron content estimated at 62 per cent.

^{b/} Quantities given are in thousand carats.

Ghana: The trade deficit registered in 1961 (\$10 million) was particularly large on account of a marked increase in import expenditures. However, Ghana's trade position showed some signs of improvement in the first half of 1962 after the strains of the preceding three years. As a result of the significant cutbacks in import outlays and some expansion in export proceeds, the trading results for the six months of 1962 show an export surplus of \$25 million.

Cocoa sales which in recent years have accounted for about 65 per cent of the total export proceeds suffered continuous price declines (after receding by 30 per cent between 1958 and 1960 they further fell by 22 per cent in the subsequent year). On the other hand, the volume of cocoa exports almost doubled between 1958 and 1961, expanding by 33 per cent between 1960 and 1961 alone. As a combined result of these opposite movements in price and volume, the total export proceeds derived from cocoa sales have during the course of the last four years fluctuated only within narrow limits (from \$175 million to \$195 million). In the opening months of 1962 the average prices fetched by cocoa exports picked up slightly and exports of cocoa beans in the first six months were about 285,000 tons as compared with 405,000 tons registered in the whole of 1961.

The value of the other three main exports - timber, industrial diamonds and manganese ore - was in 1961 somewhat below that recorded in 1960 and their combined contribution to Ghana's aggregate export receipts stood at about 27 per cent in that year. During the first half of 1962, the export value of these three items remained close to the level attained in the corresponding period of 1961.

Import expenditure (c.i.f.) which expanded from \$237 million in 1958 to \$363 million in 1960 rose by 10 per cent to \$394 million in 1961 and led to a marked reduction in the country's foreign exchange reserves. The substantial growth in the quantum of production and export of cocoa, despite the reduction in the prices paid to growers, reflected itself in a marked rise in incomes and import demand. While imports of machinery and transport equipment even declined slightly from \$95 million in 1960 to \$93 million in 1961, there was a widespread spurt in imports of food (from \$59 to \$73 million), textiles

(from \$55 to \$60 million) and miscellaneous manufactured goods (from \$35 to \$40 million). The reduction in import outlays in the first half of 1962 as compared with the corresponding period of 1961 (by 24 per cent) was the combined result of the various measures introduced in July and December 1961 to curb imports by extending the scope of exchange control, to transactions between Ghana and the other parts of the Sterling Area, raising customs tariffs and imposing purchase tax on luxury items as well as revoking all open general licenses, thus making all imports subject to individual license. These measures were subsequently amended and open general license granted for six groups of commodities including live animals and agricultural produce from neighbouring countries. The proportionate share of outlays expended on food imports still reveals an upward trend (24 per cent of the total imports in the first half of 1962 as compared with 19 per cent in 1961 and 16 per cent in 1960) whereas drastic cuts have been experienced not only by manufactured consumer goods and textiles but also by machinery and transport equipment categories (see Table A.II.17).

TABLE A.II.16

GHANA: Commodity Composition of Exports
(V = million US dollars Q = thousand tons)

Commodities	Quantity		First half 1962	Value		First half 1962
	1960	1961		1960	1961	
Total Exports	..	..	..	293.7	292.3	181.8
of which:						
Cocoa beans	306	405	285	186.0	194.0	130.3
Cocoa paste	3	5	6	2.9	2.9	1.9
Wood and lumber	..	..	..	44.5	42.8	17.5
Industrial Diamonds ^{a/}	3.3	2.9	1.5	27.6	20.0	9.4
Manganese ore	545	385	260	17.6	16.9	8.4
Kolanuts	12	14	4	3.4	2.9	1.3
Bauxite	228	196	120	1.5	1.3	0.8
All other commodities	..	..	..	10.2	11.5	12.2

^{a/} Million carats.

Source: External Trade Statistics of Ghana (Accra), December 1961 and June 1962.

TABLE A.II.17

GHANA: Imports (c.i.f.) by Commodity Groups

(million US dollars)

SITC			1960		1961		First Half 1962	
Section	Division		V	%	V	%	V	%
0		Food	58.9	16	73.4	19	36.9	24
1		Beverages and tobacco	10.6	3	9.8	3	2.0	1
2 & 4		Agricultural raw materials	1.4	-	3.9	1	1.8	1
3		Fuels	19.0	5	18.2	5	9.6	6
5		Chemicals	26.6	7	28.3	7	11.9	8
	65	Textiles	55.3	15	60.2	15	23.8	15
6 & 8	(ex. 65)	Other manufactured consumer goods and base metals and their manufactures	91.5	26	101.6	25	36.9	23
7	71 & 72	Machinery	50.1	14	52.4	13	22.4	14
	73	Transport equipment	44.5	12	40.3	10	9.8	6
9		Miscellaneous, n.e.s.	5.0	2	6.1	2	1.7	2
Total			362.9	100	394.2	100	156.8	100

Source: External Trade Statistics of Ghana.

TABLE A.II.18

Imports (c.i.f.) into Ghana, Monthly Average

(million US dollars)

January - June 1960	29.5
July - December 1960	31.0
January - June 1961	34.2
July - December 1961	31.5
January - June 1962	26.1

The changes in the geographical distribution of exports in 1961 resulted from the increased share of the cocoa shipments going to the United States (33 per cent of the total value as against 18 per cent in 1960). In 1961 the United Kingdom accounted for about 12 per cent of cocoa exports, by value, representing the lowest level since 1956. As seen from Table A.II.9 the relative importance of cocoa exports going to the centrally planned countries has increased during the first half of 1962, whereas the share of the United Kingdom and the EEC was roughly maintained and there is some decline in the relative position of the United States as a destination.

On the import side the main changes during 1961 have been a sharp decrease in the share of the EEC and substantial increases in that of the centrally planned economies and the United States. The relative importance of the United Kingdom as the leading supplier of imports remained unchanged at 36 per cent of the total from 1960 to 1961.

TABLE A.II.19

Cocoa Exports from Ghana, by destination

(million dollars)

	1960		1961		First Half 1962	
	V	%	V	%	V	%
United Kingdom	28.3	15	22.6	12	17.8	14
United States	33.9	18	63.0	33	33.2	25
EEC	76.4	41	74.2	38	46.2	35
Centrally planned economies	21.9	12	10.4	5	15.4	12
Japan	2.0	1	4.2	2	2.5	2
Other	23.5	13	19.6	10	15.2	12
Total	186.0	100	194.0	100	130.3	100

Source: External Trade Statistics of Ghana.

Nigeria: Nigeria's export at \$476 million in 1961 stood at a record level and the increase of \$24 million over 1960 was solely due to improved earnings from groundnuts (a rise of 41 per cent in value and 49 per cent in volume) and this commodity nearly superseded cocoa as the most valuable export. While the proportionate share of cocoa in total export proceeds fell from 22 per cent in 1960 to 19 per cent in 1961, that of groundnuts rose from 14 to 19 per cent. Significant gains were also registered by cotton and petroleum, whereas unfavourable price trends adversely affected palm kernels and rubber.

Despite the favourable development of export trade which was the combined result of a diversified commodity pattern and significant quantum increases for groundnuts, cotton and petroleum, the adverse balance of trade registered in 1961 amounted to \$146 million (or \$7 million more than in 1960). Imports (c.i.f.) stood at \$622 million in 1961 compared to \$603 million in 1960. The growing demand for manufactured consumer goods was reflected in the increase in their value to \$245 million from \$227 million in 1960, whereas by contrast there was even a decline in imports of machinery and transport equipment from \$145 to \$141 million. The quantity of cotton piece goods imported expanded from 22 million to 26 million sq. yards and this item alone accounted for 12 per cent of the total import values in 1961.

According to preliminary data for the first six months of 1962, it appears that the exports have been maintained at the 1961 rate whereas there has been a substantial decline in the inflow of imports (about 15 per cent below the comparable period of 1961). The sharp increases in import duties on various consumer goods introduced in April 1962 and the further tightening of control on foreign exchange transactions will no doubt arrest the tendency for imports to grow continuously which has characterized Nigeria's trade since 1958.

The major shifts in the geographical pattern of trade between 1960 and 1961 has been the decline in the proportionate share of the United Kingdom, as the leading buyer and supplier; her share in exports fell from 48 to 44 per cent and in imports from 42 to 38 per cent. While exports to the United States grew in relative importance from 9 to 11 per cent, imports from that source remained stable at 5 per cent. There was some increase, both relative and absolute, in trade with the EEC countries in both directions and the share of Japan in imports grew still further from 13 per cent in 1960 to 14 per cent in 1961.

TABLE A.II.20

NIGERIA: Composition of exports 1960 and 1961^{a/}

(Quantities in thousand tons and

Values in million US dollars)

Commodity	Quantity		Value	
	1960	1961	1960	1961
<u>Total Exports</u>	..	..	<u>463.7</u>	<u>476.2</u>
Cocoa	156.4	186.9	103.0	94.5
Groundnuts	337.2	501.8	64.1	90.3
Palm kernels	424.9	417.2	70.2	55.7
Palm oil	186.3	167.2	39.0	37.0
Petroleum	840.9	2259.7	12.3	32.3
Cotton	27.4	48.7	17.4	31.1
Rubber	58.1	55.7	39.9	30.9
Tin concentrates	10.8	10.6	16.9	18.6
Hardwood: Logs ^{b/}	22,211	20,304	16.6	15.3
Sawn ^{b/}	2,098	2,200	3.1	3.5
Groundnut oil	47.4	45.9	14.9	14.0
Hides and skins	9.6	9.8	12.7	11.6
Groundnut cakes	54.1	75.9	4.4	5.4
Cotton seed	40.6	74.1	3.0	5.3
Benniseed	27.7	21.0	5.2	4.1
Columbite	3.4	1.9	5.9	3.3
Coffee	4.7	0.6	2.8	0.2
Bananas	67.9	0.1	7.3	0.0
All other commodities	..	..	25.0	23.1

Source: Nigeria Trade Journal.^{a/} Exports from Southern Cameroun excluded from October 1960.^{b/} Thousand cubic feet.

Cameroun: A sharp increase in import expenditures combined with stagnating exports in 1961 lead to the virtual disappearance of the surplus that characterized the trade of Cameroun since 1958. Under the impetus of a rise in investment activities, the bulk of the increase in imports was in machinery and equipment, fuels and road vehicles. However, improved conditions of security were also reflected in a sharp increase of banana exports, which, after having dwindled from 85 thousand tons in 1957 to 37 thousand tons in 1960, recovered somewhat to 53 thousand tons. Coffee exports also showed some recovery, as did practically all other main export products but the increases were not adequate to offset fully the fall occurring in cocoa prices.

An important development in Cameroun's commercial policy was the establishment of some kind of customs union with the Equatorial Customs Union. The new union also reached an agreement on a common tariff (additional to the already existing non-discriminatory fiscal duties), applicable to imports from non-franc zone countries. It is expected that the new arrangements will accelerate investments in domestic industries producing for the local market.

The incorporation of Southern Cameroun (formerly under British Trusteeship), while notably increasing the export potential of the country in bananas and coffee, is also likely to raise serious problems of marketing, particularly to the EEC.

Equatorial Customs Union: While considerable progress has been made in 1961 and also in 1962 in bringing together more closely the members of Equatorial Customs Union and the Camerouns, statistical information on the structure of the trade of the four member countries is still fairly scarce and not very reliable. The main difficulty lies in the internal trade flows: partly re-exports of goods first imported into Congo (Brazzaville) and partly trade in locally produced goods.

In Congo (Brazzaville) gross imports increased from \$70 million in 1960 to \$79 million in 1961. Of these imports, \$19 million in each of the two years were re-exported, chiefly to other members of Custom Union. This

would indicate a heavy trade deficit since exports amounted to only \$18 million in 1960 and \$19 million 1961, but the missing element of the picture is the exports consisting of the domestic produce from Congo to the other members of the Union.

The position of the Central African Republic is equally unclear. According to the official statistics, imports controlled by the Customs of Bangui have increased from some \$20 million in 1960 to \$22 million in 1961, while exports remained practically unchanged at slightly more than \$12 million. These figures perhaps under-estimate the true amount of the trade deficit considering the exchanges with the rest of Customs Union. Relatively reliable data on trade with Chad and with Congo (Brazzaville) are available but only in respect of volume derived from transport statistics on the Congo river. Their value, however, is difficult to estimate.

TABLE A.II.21

CAMEROON: Exports in 1960 and 1961

Commodity	Quantity Thousand tons		Value Million US Dollars	
	1960	1961	1960	1961
<u>Total Exports</u>	..	..	<u>97</u>	<u>98</u>
of which:				
Bananas	37	51	2	3
Coffee beans	31	36	19	21
Cocoa beans	59	58	33	25
Cocoa butter, fats & oils	2	3	3	3
Palm kernels	15	15	2	2
Rubber crude	4	5	7	3
Cotton, raw	7	10	7	6
Wood: round and squared	129	(170	2	(7
in planks	24	(	2	(
Aluminium	42	46	17	19
Others	..	..	3	9

Source: National Statistics.

The third participant of the Customs Union, Chad, on the other hand recorded a significant improvement in its trade balance thanks to a recovery of cotton exports which increased from 9,100 tons in 1960 to 21,100 tons in 1961 which made the 60 per cent increase in export values possible. Recorded imports remained unchanged and the trade deficit which was caused by a very bad 1960 cotton crop has been reduced to manageable proportions. Nevertheless, the statistical picture is blurred by the internal movements within the Customs Union but also by the variable amount of transit trade taking place through Nigeria which appears to have been declining in the last four years.

In contrast to the three countries mentioned above, which have very close inter-trade relations, Gabon, the fourth member of the Union stands somewhat apart. Gabon's exports increased by about 18 per cent from 1960 to 1961 and there occurred an export surplus of \$20 million. The increases resulted from a further expansion of hardwood exports and petroleum exports supplemented by the first shipments of uranium concentrates which were followed up by manganese concentrates in early 1962. An increase on the import side amounting to 13 per cent was accounted mainly for by capital equipment. Gabon also imports insignificant amounts of consumer manufactures from Congo (Brazzaville), but most of the imports from overseas enter directly without transitting through the Congo.

Congo (Leopoldville): The disturbed conditions in Congo during 1960 could not but adversely affect production and exports. Because of the secession of Katanga and the separation of Rwanda and Burundi, no comprehensive trade statistics, comparable to those of 1959 exist for later years. By combining the scattered data released by the Chamber of Commerce in Leopoldville, the Katanga Mining Company and others, it is, however, possible to form some idea of the development of foreign trade during recent years.

The 1959 export value for the whole area, Congo and Ruanda-Urundi, was \$495 million of which it may be estimated that Katanga accounted for \$200 million, (consisting mostly of copper and other metals and ores), Ruanda-Urundi for \$50 million (almost exclusively coffee) and the rest of Congo for \$240 million (apart from diamonds, consisting exclusively of agricultural and forestry products).

During the following years total recorded exports from Congo (without South Kasai and Katanga) fell considerably reaching only perhaps \$100 million in 1961. Exports from Katanga seem, however, to have been maintained at roughly the same level as in 1959. Copper production of 301,000 tons in 1960 and 294,000 tons in 1961 compares favourable with exports of 285,000 tons in 1959, whereas tin and cobalt output was somewhat lower than 1959 exports. Also exports from Ruanda-Urundi of Arabica coffee, were well maintained. But in the rest of Congo's recorded exports (and to some extent production) were severely curtailed: between 1959 and 1961 agricultural exports from that area fell by 44 per cent, a decline that affected particularly such products as tea, cotton, Robusta coffee and oil crops. Exports of rubber recovered between 1960 and 1961 and almost reached the 1959 tonnage and cocoa exports were higher than in 1959. Production and exports of industrial diamonds were maintained while there was a precipitous decline in the case of gem stones from 425,000 carats in 1959 to 44,000 carats in 1961. The latter type of diamonds in 1959 accounted for a large share of the export value.

The development of imports showed the same differences between the three areas: imports into Katanga were well maintained at a level of about \$120 million, and presumably also imports into Ruanda-Urundi, although no direct information on that score is available. Imports into the rest of Congo, on the other hand, were severely curtailed and reached in 1961 perhaps only one-half of the 1959 value. It appears, however, that the drop in both exports and imports was to a significant extent due to underrecording, particularly along the eastern borders of the Congo. This can be easily seen from the trade statistics of Congo's main trading partners, reproduced in Table A.II.23. According to these data, exports from Congo to the United States and western Europe were maintained in 1960 at close to the 1959 level whereas in 1961 there was a drop of 13 per cent. Imports into Congo from these countries, on the other hand, fell very steeply between 1959 and 1960, and again by a further 20 per cent in 1961.

The importance of the trade diversion can be partly evaluated from Table A.II.24 showing at least a substantial part of imports of the Congo and Ruanda-Urundi from or through Uganda, Tanganyika and Kenya and Rhodesia. These imports, forming the counterpart of Congolese exports through the east, have increased sharply in 1961. It may be added that as far as local produce is concerned there is bound to be a considerable unrecorded trade; furthermore, because of the capital flight, not all Congolese exports through the east were compensated for by imports.

TABLE A.II.22
CONGO (LEOPOLDVILLE): Pattern of Exports 1959 to 1961

Commodity	Quantity in thousand tons			Value in million US Dollars
	1959	1960	1961	1959
<u>Total Exports</u>	..	..	..	<u>495</u>
of which				
Coffee	91.8	85.8	80.0 ^{d/}	61.5
Cocoa	3.8	5.0	5.0	2.9
Tea	3.1	..	..	2.5
Oilcakes	99.8	..	..	6.5
Palm nuts	39.3	..	..	5.8
Palm Oil	183.9	167.0	160.0	37.7
Palm kernel oil	60.1	..	..	17.5
Rubber	40.2	31.9	38.1	22.7
Cotton	61.0	50.0	20.0 ^{d/}	27.4
Hardwood	187.6	..	159.0	8.6
Tin concentrates	9.8	10.3 ^{a/}	7.9 ^{a/}	14.8
Zinc concentrates	74.9	193 ^{a/}	182 ^{a/}	2.3
Manganese ore	302.6	..	..	6.8
Tungsten ore	1.2	..	..	1.8
Copper	285.2	301 ^{a/}	294 ^{a/}	159.7
Cobalt	11.6	8.2 ^{a/}	8.3 ^{a/}	28.5
Tin metal	2.9	..	..	6.1
Zinc metal	53.7	..	..	9.7
Diamonds gem ^{b/}	425	241	44	34.5
industrial ^{c/}	15.5	..	15.5	

Sources: The Economist Intelligence Unit, Three-Monthly Economic Review (Belgium-Luxembourg and the Congo Republic) Number 41, March 1962.
Marchés Tropicaux et Méditerranéens, 16 March 1962.

^{a/} Production.

^{b/} 1000 carats.

^{c/} Million carats.

^{d/} Estimate.

TABLE A.II.23
Trade of the United States and Western Europe
with Congo (Leopoldville) 1959 to 1961
(Millions of US Dollars)
(imports c.i.f., exports f.o.b.)

Reporting Country	Imports			Exports		
	1959	1960	1961	1959	1960	1961
United States ^{a/}	107.0	68.4	55.4	30.8	27.7	30.4
Belgium-Luxembourg	195.8	248.6	223.4	90.7	60.8	46.4
France	34.0	38.2	34.4	12.3	14.2	9.4
Western Germany	49.0	44.5	37.0	25.3	15.8	14.8
Italy	36.6	40.1	36.0	9.9	5.2	5.8
Netherlands	16.0	12.5	10.6	13.6	8.3	9.2
Total EEC	331.4	383.9	341.1	151.8	105.3	85.6
United Kingdom	14.3	13.4	10.3	23.4	16.1	16.3
Rest of EFTA	12.3	7.4	6.2	13.9	7.8	8.9
Total EFTA	26.6	20.8	16.5	37.3	23.9	25.2
Rest of Western Europe	2.1	2.4	1.4	0.4	2.5	1.9
Total Western Europe	360.1	407.1	359.0	189.5	131.7	112.7

Source: National statistics.

^{a/} Imports, f.o.b.

Federation of Rhodesia and Nyasaland: The Federation's overall trade position since 1960 remained virtually unchanged. Export earnings in 1961 matched the preceding year's figure; during the first half of 1962, exports at an annual rate were still quite close to the 1960 - 1961 level. The contribution of the different commodities to the total export proceeds has during this period, however, not remained constant. While copper continues to be the dominant export product, its value declined from \$335 to \$313

TABLE A.II.24
East African and Rhodesian Exports and Re-exports
in Congo (Leopoldville) and Rwanda-Burundi 1959 - 1961
(in thousand US dollars)

	1959			1960			1961		
	Domestic Exports	Re-exports	Total	Domestic Exports	Re-exports	Total	Domestic Exports	Re-exports	Total
Kenya	1,212	179	1,392	1,000	123	1,123	1,173 (745)	2,159 (353)	3,332 (1098)
Uganda	1,154	2,184	3,338	935	2,450	3,385	1,072 (154)	4,788 (1932)	5,860 (2086)
Tanganyika	364	2,548	2,912	353	2,279	2,632	619 (512)	2,584 (1865)	3,203 (2377)
Total East Africa	2,730	4,911	7,641	2,288	4,852	7,140	2,864 (1411)	9,531 (4150)	12,396 (5,561)
Rhodesia and Nyasaland	..	..	4,572	..	..	4,620	.. ..	.. ..	.. ..
Grand Total	..	..	12,214	..	..	11,760	.. ..	.. ..	21,608 ..

Note : Figures in brackets are domestic exports and re-exports to Rwanda-Burundi

Sources : Annual Trade Report of Kenya, Uganda and Tanganyika, for year 1961.
Federation of Rhodesia, Monthly Digest of Statistics

million between 1960 and 1961 solely on account of lower prices and its relative share was down from 60 to 56 per cent. This decline was offset by the increase in exports of tobacco (rising from \$104 million to \$118 million) and of maize (from \$600 thousand to \$13 million). During the first half of 1962, with the exception of some increase in respect of tea and maize, the value of all major commodities exported was maintained at a rate close to that prevailing in the previous year.

There was only a fractional decline in the value of imports (c.i.f.) from 1960 to 1961. According to Economic Report, 1962^{1/} the proportion of the producer goods in 1961 was the highest on record, constituting 65 per cent of the total value. The main contraction in imports occurred in motor vehicles and parts, partly reflecting the establishment of automobile assembly plants. The general growth in secondary industries also caused the reduction in imports of electrical equipment and building materials.

The year 1961 witnessed a significant amelioration in the Federation's overall payments position. On the one hand, the trade surplus recorded was at a peak level and the entire fall in the external reserves in the banking sector which occurred during 1960 was recovered. While the net recorded inflow of private capital fell from the 1960 level of \$52 million to \$13 million in 1961 largely due to the unsettling effects of uncertainty regarding the country's constitutional future, there was a rise in the inflow of official capital from \$21 to \$38 million. The improved payments position to some extent was also the result of the introduction in February 1961 of currency and exchange control which for the first time extended the scope of such control to payments and transfers to other parts of the Sterling Area.

No significant change occurred in the geographical pattern of trade, except for some decline, both absolute and relative, in commercial exchanges with the Republic of South Africa. The United Kingdom resumed its position as the largest supplier of imports (33 per cent) which it had lost to South Africa in 1960 (her share falling from 33.3 per cent in the previous year to 31 per cent in 1961). Exports to the United Kingdom rose in relative

^{1/} Ministry of Economic Affairs, Salisbury.

importance from 45 to 48 per cent and the trade with the EEC countries increased in both directions in 1961. While exports to Japan remained unchanged, there was some increase in imports from that country following the extension of the range of the open general licence and quotas in terms of the 1961 trade agreement with Japan.

TABLE A.II.25

RHODESIA AND NIASALAND: Principal Exports

(Quantities in thousand tons and values in million US dollars)

Commodity	Quantity			Value		
	1960	1961	Jan-June 1962	1960	1961	Jan-June 1962
Total export ^{a/}	..	..	..	560.3	560.6	281.2
of which						
<u>Metals and Minerals</u>						
Copper, refined and unwrought	557	554	273	334.9	313.3	157.6
Copper, concentrates and ore	31	12	22	7.5	2.1	2.0
Asbestos, raw	116	121	69	23.5	23.5	10.9
Chrome ore	490	432	219	9.9	8.4	3.9
Zinc, bar and ingot	30	26	21	6.7	5.2	3.6
Cobalt metal	..	..	..	4.1	1.8	2.0
Ferro-chrome	9	9	4	3.3	3.1	1.4
Lead, bar and ingot	12	11	6	2.4	2.0	1.0
<u>Agricultural products</u>						
Tobacco, unmanufactured	60	95	42	103.6	117.6	52.4
Tea	8	14	10	10.7	12.4	7.6
Maize	11	284	212	0.6	12.7	9.3
Meat (fresh, frozen and chilled)	9	10	5	3.8	4.1	2.5
Groundnuts	22	23	9	3.9	4.2	1.4
Hides and cattle	8	8	4	2.9	2.7	1.4
Extract, wattle	12	11	9	1.4	1.2	1.0
<u>Manufactured goods</u>						
Apparel	..	..	..	4.5	3.7	2.1
Radios and parts	..	..	..	1.5	1.2	0.8
Cigarettes	..	..	..	1.3	1.5	..
Footwear	..	..	..	1.3	1.2	..
Others	..	..	..	32.5	38.7	20.3

a/ Excluding re-exports.

Source: Monthly Digest of Statistics.

The Republic of South Africa: The deficit on external trade narrowed significantly from \$473 million in 1960 to \$218 million in 1961, as a result of a sharp contraction in import expenditures (from \$1,711 to \$1,549 million, c.i.f.) coupled with some improvement in export proceeds (from \$1,238 to \$1,331 million). Moreover, gold sales (which are not included in merchandise exports) rose from \$750 to \$805 million. South Africa's gold and foreign exchange reserves suffered a serious reduction between 1959 and 1960; they recovered significantly in 1961 and rose further during the first half of 1962. The marked improvement in the reserves position was due to a substantial net surplus on current account and a reduction in net outflow of private capital; after having dropped from \$195 million in 1960 to \$90 million in 1961 this flow was reduced to nil in the first quarter of 1962. This was possibly the result of the restrictive measures introduced in May and June of 1961 to intensify the control of the transfer of capital funds abroad.

The stringent measures introduced during 1961 to curb the imports of a wide range of manufactured consumer goods brought the total import bill well below the 1960 level. Among the main categories of imports experiencing these cuts were textiles (from \$195 to \$170 million), motor vehicles (from \$197 to \$181 million) and leather, rubber and manufactures thereof (from \$18 to \$16 million). Notwithstanding some relaxation of import restrictions which took place during the first six months of 1962, the flow of imports during this period seems to have been maintained at the rather low level of the last two quarters of 1961.

The rise in merchandise exports in 1961 over the previous year's figure was mainly the outcome of increased earnings from maize (\$25 million, or by 87 per cent), wool (\$18 million by 13 per cent) and diamonds (\$21 million or by 22 per cent). On the other hand, exports of uranium oxide and "other prescribed materials" declined from \$152 million in 1960 to \$111 million in 1961. During the first six months of 1962 export earnings derived from shipments of wool, maize and fruit stood well above the figures recorded in the corresponding period of 1961.

While no substantial change took place in the geographical distribution of imports, the pattern of exports was somewhat modified as a result of some contraction in the share of the Federation of Rhodesia and Nyasaland (which has been the second most important customer and a major client for various lines of manufactured goods produced in the Republic). There was some increase, both relative and absolute, in exports to the United Kingdom, the EEC countries and Japan.

Tanganyika: Most parts of Tanganyika suffered a drought during the first part of 1961 and extensive failure of crops necessitated emergency food imports. Export proceeds fell in 1961 by 11 per cent, partly owing to smaller shipments of oilseeds, cotton and lead ore - the lead mine being closed down during the year - and partly on account of lower prices for coffee, hides and sisal. The only commodity to register a substantial advance was diamonds.

Total imports rose by 10 per cent and besides food imports, the increase was concentrated on base metals and machinery, whereas imports of motor cars and petroleum products were drastically curtailed.

The geographical distribution of exports was strongly influenced by the changes in the commodity pattern. Thus the decline in sisal and cotton exports resulted in a decrease of the share of the EEC countries, India and Japan, whereas the United Kingdom increased its imports from Tanganyika both absolutely and relatively because of tea and diamonds.

Uganda: In spite of higher cotton sales, the total export earnings of Uganda declined by 3 per cent in 1961, largely as a result of lower shipments of coffee, whereas imports showed a slight increase. However, the 1961 figures do not reflect fully the impact of widespread damage resulting from adverse weather conditions to all the major crops.

During 1961 Uganda increased its sales to the EEC countries and exported a very substantial consignment of cotton to China (presumably Mainland), whereas exports to the UK, India, Japan and the United States declined.

TABLE A.II.26
TANGANYIKA: Pattern of Exports 1960 and 1961

Commodity	Quantity Thousand tons		Value Million US dollars	
	1960	1961	1960	1961
<u>Total Exports</u>	..	..	<u>155</u>	<u>138</u>
Sisal	211	204	43	39
Cotton	40	30	25	19
Coffee	26	26	21	19
Diamonds ^{a/}	537	685	13	16
Meat and preparations	6	6	5	6
Hides and skins	7	8	5	5
Cashew nuts	37	41	6	5
Tea	3	3	3	4
Feeding stuffs	36	34	2	2
Castor seed	19	11	2	2
Groundnuts	15	4	3	1
Hardwood ^{b/}	718	533	2	1
Lead ore and concentrates	15	1	3	-
All other commodities (inc. re-exports)	..	..	22	19

Source: Annual Trade Report of Kenya, Uganda and Tanganyika.

^{a/} Thousand carats.

^{b/} Thousand cubic feet.

Kenya: Exports from Kenya in 1961 were the highest yet recorded. Despite the unfavourable weather conditions, coffee (the chief export item) showed an increase in both quantity and value (though the average export prices were down by about 10 per cent). Sisal, the second principal export, suffered too from price fall while the volume of shipments was maintained. Tea exports fell both in quantity and value. By contrast, exports of meat and meat preparations expanded by 24 per cent in value and replaced pyrethrum extract as the fourth principal export item. Soda ash exports, too, rose from 1960 to 1961.

TABLE A.II.27
Net Imports into East Africa
1960 - 1961

(Million US dollars and percentages)

SITC Sections	KENYA				UGANDA				TANGANYIKA			
	1960	%	1961	%	1960	%	1961	%	1960	%	1961	%
(0) Food and Live Animals	10.4	5.3	19.0	9.9	2.5	3.5	2.8	3.8	6.4	6.1	10.4	9.3
(1) Beverages and Tobacco	2.5	1.3	2.8	1.5	0.6	0.8	0.6	0.8	0.8	0.8	0.8	0.8
(2) Crude Materials, Inedible, except Fuels	2.2	1.2	3.1	1.6	0.3	0.4	0.6	0.8	0.3	0.3	0.3	0.3
(3) Fuels	24.4	11.4	21.3	11.0	5.9	8.1	5.9	7.9	10.9	10.3	10.1	9.1
(4) Animal and Vegetable oils and fats	1.4	0.7	2.2	1.2	2.0	2.7	1.1	1.5	0.6	0.5	0.6	0.5
(5) Chemicals	14.6	7.4	14.6	7.5	5.3	7.3	5.9	7.9	6.4	6.1	6.7	6.0
(6) Manufactured Goods Classified Chiefly by materials	29.9	30.5	53.5	27.7	26.3	36.2	28.6	38.3	38.6	36.5	41.7	37.5
(7) Machinery and Transport Equipment	58.8	30.0	52.1	27.0	20.4	28.1	18.8	25.2	30.5	28.8	28.8	25.9
(8) Miscellaneous Manufactured articles	14.6	7.4	14.6	7.5	6.4	8.8	7.3	9.8	8.1	7.7	8.4	7.6
(9) Commodities and Transactions, n.e.s.	9.5	4.9	10.1	5.2	3.1	4.2	3.1	4.1	3.1	2.9	3.4	3.0
Total	196.3	100.3	192.9	100.0	72.8	100.0	74.1	100.0	105.8	100.0	111.2	100.0

Source: Annual Trade Report of Kenya, Uganda and Tanganyika for the year 1961.

TABLE A.II.29

KENYA : Exports in 1960 and 1961

Commodity	Quantity		Value	
	Thousand	tons	Million	US dollars
	1960	1961	1960	1961
<u>Total Exports</u>	...	...	<u>112</u>	<u>116</u>
Coffee	28	33	29	30
Sisal	58	58	13	12
Tea	11	10	12	11
Meat and preparations	7	7	5	6
Hides and skins	7	7	5	4
Soda ash	117	145	4	4
Wattlebark extract	15	17	2	2
Butter	3	2	2	2
Cotton	4	3	2	2
Wool	..	1	1	1
Pyrethrum	3	3	4	2
" extract ^{a/}	260	300	6	6
Copper	3	4	1	1
All other commodities (incl. re-exports)	..	..	26	33

Source: Annual Trade Report of Kenya, Uganda and Tanganyika for 1961

^{a/} Tons.

TABLE A.II. 28
Pattern of Exports 1960 and 1961

Commodity	Quantity Thousand tons		Value Million US dollars	
	1960	1961	1960	1961
<u>Total Exports</u>	..	..	120	116
Coffee	119	105	48	39
Tea	4	4	4	4
Feeding stuff	74	68	5	4
Hides and skins	4	3	3	2
Groundnuts	10	9	2	2
Cotton	60	63	42	47
Copper and alloys	15	13	10	8
All other commodities (inc. re-exports)	..	..	6	10

Source: Annual Trade Report of Kenya, Uganda and Tanganyika for 1961.

The United Kingdom reduced her purchases by 4 per cent compared with 1960 and exports to the Federal Republic of Germany fell by nearly 10 per cent. On the other hand, exports to the United States expanded by 27 per cent. There was also an increase in exports to India, Canada and the Netherlands whilst there were reductions in the offtake of Japan, Australia, Rhodesia and Nyasaland and France.

Malagasy Republic: Under the impact of the recovery of agricultural production, export receipts of the Malagasy Republic, which are dependent on a large variety of primary products, showed definite signs of improvement in 1961 which also persisted in the first six months of 1962. Imports, after declining by 8 per cent from 1960 to 1961, rose in the early months of 1962. While external trade account continues to reveal an adverse balance, its size in 1961 (\$25 million) was the lowest on record since 1954.

The data shown in Table A.II.30 reveals that the increase in export earnings was spread over various commodities but the leading commodity -

coffee - suffered a reduction both in value and quantum from 1960 to 1961. The most impressive improvement was in respect of cloves and groundnuts.

The reduction in import outlays (by 8 per cent) between 1960 and 1961 was not only brought about by the elimination of the need for temporary food imports (necessitated by natural disasters occurring in earlier years) but there were severe cutbacks in imports of various lines of manufactured goods as well.

France, though continuing to play the role as the leading trade partner, lost some ground in 1961 as compared with 1960. In exports, her share was down from 56 to 54 per cent, and in imports the decline was from 73 to 71 per cent. The relative importance of the United States in exports rose from 13 to 15 per cent during the same period.

TABLE A.II.30

MALAGASY REPUBLIC: Commodity Pattern of Exports

(Quantities in thousand tons - Value in million US Dollars)

Commodity	Quantity		Value	
	1960	1961	1960	1961
<u>Total Exports</u>	..	..	74.9	77.5
Coffee	40.2	39.8	23.6	22.5
Vanilla	0.3	0.6	6.7	7.6
Rice	23.6	25.1	4.7	4.8
Sugar	41.5	36.2	5.6	4.2
Meat and preparations	5.0	4.6	4.3	3.9
Cloves	1.8	5.4	1.2	3.5
Raffia	6.4	6.8	3.2	3.0
Tobacco	3.1	3.0	3.4	2.9
Peas	12.8	15.5	1.9	2.7
Sisal	11.2	11.0	2.5	2.2
Groundnuts	5.7	9.4	1.9	2.2
Pepper	1.0	1.3	1.4	1.9
Essential oils	0.8	0.7	2.0	1.6
Mica	1.0	1.2	1.2	1.6
Graphite	15.8	14.9	1.4	1.4
Tapioca	6.3	5.8	1.1	0.9
Cattle hides	2.4	2.2	1.1	0.9
All other commodities	..	..	6.7	9.9

Source: National statistics.

Ethiopia: The trade returns of Ethiopia for 1961 indicate exports of \$76 million (3 per cent more than in the preceding year) and imports (c.i.f.) of \$93 million (one-tenth above the 1960 figure). While the exports of coffee (which account for 50 per cent of the country's export receipts and more than two-thirds of it being marketed in the United States) remained stable in value, there was some rise in the exports of hides and skins and food products. Among imports, textiles, other manufactured consumer goods and fuels continued to be predominant.

The pronounced improvement in foreign exchange reserves which occurred in the first quarter of 1962 prompted the authorities to liberalize the exchange control policies as of April 1962 particularly in so far as they related to imports and prior deposit requirements for certain imports were abolished.

TABLE A.II.31

ETHIOPIA: Pattern of Exports, 1960 and 1961^{a/}

Commodity	Quantity Thousand tons		Value Million dollars	
	1960	1961	1960	1961
Total Exports	..	..	74	76
Coffee	51	56	38	38
Hides and skins	..	..	8	10
Cereals and pulses	68	81	9	7
Oils and oilseeds	45	51	7	6
Chat	2	4	3	4
Meat, canned and frozen	3	3	2	2
Fruits and vegetables	10	14	1	2
Spices, eggs and honey	..	..	1	1
Others	..	..	5	7

Source: Trade Returns of the Imperial Ethiopian Customs Administration.

^{a/} Year ending December 9.

CHAPTER A. III

NOTES ON SELECTED EXPORT COMMODITIES OF THE AFRICAN REGION 1961-1962

The upward trend in the production of most primary commodities was continued in 1961 and in the case of certain agricultural commodities increases in production were above the average. These were mainly coffee, tea and vegetable oils and fats. Though the cocoa harvest was late, provisional figures indicate that output was nearly equal to the 1960/61 record crop. Removals of wood products was equally stepped up due to increased demand for tropical hardwoods in Western Europe and domestic demand for building, joinery and furniture work. Despite voluntary cuts announced earlier by most principal producers, production of copper, one of the most important export commodities from the African region, increased slightly. This was in spite of a fall in production in Congo (Leopoldville). Thus at the end of 1961, the United Nations index of quantum of production of primary commodities stood at 122 (1953=100) compared with 120 a year earlier.^{1/}

A most important factor affecting the primary commodity markets was the persistent imbalance between supply and demand and the existence of ample stocks of most commodities. In spite of the substantial increases in output, the overall market situation reflected the absence of any strong increases in demand. This situation had an adverse effect on prices of most primary commodities which followed the downward trend of the previous years.

In 1961, the average price of primary commodities moving in international trade registered a decline for the fourth successive year against a further increase in the average price of manufactured goods.

^{1/} The index is based on the output of sixty-six agricultural, pastoral and mineral products outside the centrally planned countries, weighed in accordance with the value of production in 1953.

As has been pointed out above, the decline indicated a persistent and widespread imbalance between supply and demand of most of the primary commodities.^{1/} At the end of 1960, the export prices of primary commodities were 4 per cent below the level attained in 1959. The first months of 1961, however saw a favourable change in the general trend of commodity prices culminating in a short rally in April-May.^{2/} After this period, prices resumed their downward trend largely due to the fact that industrial activity in the EEC countries had tended to slacken off in the second half of the year.

The Financial Times price index, which reflects prices in the United States and United Kingdom markets started the year at 78 (July 1, 1952=100) and rose to 79 during the second and third quarters of the year. Thereafter there was a rather sharp decline in the fourth quarter when the index stood at 77. All the other indices showed similar trends. The NIESR price index, in particular, depicted a sharper decline from the second to the third quarter of the year. This is attributable to the fact that this index covers only agricultural commodities which suffered severely in 1961.^{3/} For instance, while the NIESR price index dropped from 87 in the second quarter to 84 in the third quarter, the UN Commodity Price Index showed a fall of only one point from 96 to 95 during the same period. The inclusion of mineral products in the UN indices explains the differences in the downward trends of the two indices.

1/ There was, however, an increase in the consumption of most primary commodities and raw materials, due principally to decreases in price which in some cases helped to stimulate demand.

2/ Prices during this period were influenced by the renewal of economic activity in the United States, continued growth in Europe and boom conditions in Japan.

3/ Prices of foodstuffs which had dropped less steeply in 1960 showed the largest of declines in 1961 due to increased production and lack of corresponding increase in consumption.

Source: FAO Commodity Review, 1962.

By the end of 1961, commodity prices were about one-eighth lower than in 1957 and about 4 per cent below their level in the year of world industrial recession in 1958.^{1/}

TABLE A.III.1

Price Indices of Primary Commodities Entering International Trade 1957-1961, Quarterly 1961-1962

	United Nations 1958=100 A	NIESR 1957=100 B	Financial Times July 1, 1962=100 C
1957	107	100	85
1958	100	90	80
1959	97	91	82
1960	97	91	81
1961	95	85	78
1961 Jan-Mar.	95	86	78
Apr-June	96	87	79
July-Sept.	95	84	79
Oct-Dec.	94	82	77
1962 Jan-Mar.	94	82	78
Apr-June	95	82	78
July-Sept.	...	...	76
Oct-Dec.	...	...	...

A The UN Commodity Price Indices include all agricultural commodities (food and non-food) and mineral products, and is based on total world trade in these commodities from both the developed and under-developed countries.

Source: Monthly Bulletin of Statistics, September 1962.

B The National Institute of Economic and Social Research (UK), price index of agricultural exports from primary producing countries includes all countries other than industrial countries (i.e. the US, Canada, Western Europe and Japan) and those of the Sino-Soviet area. The prices used are those ruling in international markets.

Source: NIESR, Economic Review, August 1962.

C The Financial Times index of sensitive commodity prices is a geometric average of 12 primary commodities selected from the US and UK markets.

Source: Gill and Duffus - Cocoa Market Report, October 1962.

^{1/} Source: NIESR, Economic Review, February 1962.

The first half of 1962 brought no significant improvement in the price situation and the downward trend was resumed. In the third quarter of 1962 (the latest period for which data are available) the Financial Times index of sensitive commodity prices fell down to 76 for the first time in its ten-year history, compared with 78 in the last two quarters and 79 in the same period of the previous year.

The latest slump in an index which has tended to fall since 1952, stems from a drop in United Kingdom lead prices and declines in United States cocoa and cotton-seed prices. But the slump reflects the general and continuing malaise. Every major metal excepting copper, where producers have been active in support, stands lower in price than a year ago. A gloomy outlook is equally widespread in industrial raw materials. Rubber languishes at 2d. a lb. and will go lower in view of growing surpluses. The outlook for food is equally gloomy. Grains are not unduly depressed, and indeed wheat stocks have been run down to manageable proportions, but cocoa, coffee and almost all oilseeds are in heavy, and apparently long-term surplus.

With far from boom conditions in most of the industrial countries, the outlook for primary commodity prices and thus for primary producing countries is poor. Changes in the prices of primary commodities are somewhat closely associated with changes in world industrial production. Whenever world industrial production (excluding the centrally planned economies) has risen no faster than its average trend of recent years ($4\frac{3}{4}$ per cent per year), non-food commodity prices have tended to fall. Present predictions suggest that world industrial production may rise by 5-6 per cent by the end of 1962. If world production rises to this extent, it will still not be sufficient to lead to a recovery in prices of non-food agricultural commodities and of metals. To check the falls both in agricultural non-food prices and in metal prices, it seems to be necessary for world industrial production to rise faster than this rate or at least at about 6 per cent a year.

In the short run, some partial although by no means definitive solution of the problem of continuing decreases in prices may be provided by the various commodity agreements both currently in force and anticipated. For instance the recently concluded Coffee Agreement and the proposed Cocoa Agreement may help to stabilize the prices of these two commodities so essential to the economic development of most countries in the African region.

The main objective of the new International Coffee Agreement approved by the Conference in August 1962 is to achieve a reasonable balance between supply and demand on a basis which will assure producers equitable prices so as to assist in increasing the purchasing power of coffee-exporting countries. The Agreement imposes basic export quotas which will be in force for the first three years beginning October 1962 after which the various quotas will be revised. In order that member countries of the International Coffee Agreement will not accumulate undesirable quantities of stocks, the Agreement will also recommend production goals for each of the member countries and for the world as a whole. It is hoped that through this agreement a balance will be maintained between coffee availabilities on world markets and overall world demand so as to bring prices to higher levels than now prevail. Altogether African countries will account for nearly 9.2 million bags or slightly over 21 per cent of the world total. Further, to strengthen their position as far as robusta coffees are concerned, African countries have formed an Inter-African Coffee Organization to consider the strengthening of world coffee prices by maintaining minimum selling prices for robusta coffees.^{1/}

To devise a scheme probably similar to the coffee agreement, the FAO Cocoa Study Group is currently examining a draft for an international cocoa agreement, one of the main objectives of which will be to prevent excessive fluctuations in the world prices of cocoa. The means envisaged to do this are the adoption of export quotas by the cocoa-producing countries

^{1/} The members of the Inter-African Coffee Organization are Congo(Braz.) Ivory Coast, the Central African Republic, Dahomey, Gabon, Madagascar, Cameroun, Togo, Uganda, Kenya, Tanganyika and Angola.

whenever the world price falls below a certain level to be determined by an International Cocoa Council. A price support scheme of this type seems to be feasible for a commodity like cocoa, the production of which is highly concentrated in relatively few countries. To accelerate these developments an alliance has been formed between the main producers in Africa and Brazil, whose aim is to achieve some price stabilization. Export restrictions may be operated, although there are serious obstacles because of the lack of storage space and of climates unsuited to the storage of cocoa.

Inter-African co-operation in these fields have been extended to cover another commodity whose world availabilities depend on increased supplies from Africa. In mid-1962, Nigeria and Senegal signed an agreement which would permit the establishment of a permanent organization for the promotion of groundnut production and marketing. The organization, the African Groundnut Council, would aim at ensuring a fair price on the world market and organizing the exchange of scientific information connected with the use of groundnuts. Though this has not taken the form of an international agreement, a complete co-operation between all the African producers is likely to have a marked effect on world groundnut and oil prices.

It must, however, be emphasized that the effectiveness of either the coffee agreement or any future agreements of like nature will depend on the ability of producers to provide storage space for their stocks and on their willingness to withhold supplies. Some countries for financial reasons are at times unwilling to export less than their allotted quotas. These devices, however, will do nothing to improve the balance between production and demand in the immediate period.

For certain African countries associated with the European Economic Community a partial solution to these problems and the future loss of the French preferential treatment will be the aid that has recently been granted them by the members of the Community. The most prominent feature at the meetings held between the associated states and the EEC was the

agreement that the system of support prices must be abolished by the end of 1967. Support prices are to be replaced by \$230 million of community aid over 1963-67 as well as bilateral French aid. The grant is to be spent in diversifying the economies of the associated countries thus lessening their dependence on a single cash crop. Though the aid falls short of what these countries would have received under the French support price system,^{1/} it may at least in the immediate period be enough to offset the uncertainties of world prices for their commodities. As far as the support prices are concerned, the most rapid adjustment is to be in the prices paid for coconuts, pepper, palm oil, cotton and gum arabic, the trading of which will begin at world prices by 1964/65. Coffee prices will be reduced to world level by mid-1967.

For the associated countries the aid of \$230 million coupled with a general investment grant of \$500 million will at least for the present help to offset some of the effects of the constant decline of primary commodity prices. For other African countries the threat of falling commodity prices looms heavily on their economies and their only immediate hope seems to lie in a concerted international action to stabilize prices. However, as pointed out in the last January issue of this Bulletin, international action in the field of primary commodity stabilization may prove a useful device for alleviating some of the most acute problems facing primary exporting countries. In the long-run, however, there seems to be but one solution: increased efforts aimed at industrialization and diversification of the present patterns of production in order to arrive at a more balanced growth between the primary and secondary sectors at both national and international levels.

^{1/} France at present spends an estimated \$65 million a year (\$325 for five years) on guaranteeing markets and prices well above the world level for the produce of its former African colonies.

1. Cocoa: Following the upward trend which has been evident in recent years, world production of cocoa reached an all-time record of 1,170,000 tons in 1960/61 about 13 per cent higher than the previous year's crop and nearly 40 per cent above the average out-turn of the nineteen-fifties. This was primarily the result of a sharp increase in West Africa which more than offset the exceptionally low harvest in Brazil. Though complete data relating to the 1961/62 season are yet to be released, provisional figures indicate a total crop only slightly below that of the previous season.

TABLE A.III. 2

World Production of Cocoa - 1957/58 - 1961/62
(in thousand metric tons)

	1957/58	1958/59	1959/60	1960/61	1961/62 ^{a/}
World	780	903	1,034	1,170	1,144
Africa: of which	460	566	660	869	832
Ghana	210	260	322	439	416
Nigeria	90	142	157	203	197 ^{b/}
Ivory Coast	46	56	62	95	82
Cameroun	65	60	64	71	76 ^{c/}
Spanish Guinea	24	21	26	25	26
Togo	5	8	9	13	11
Other	20	19	20	23	24

^{a/} Provisional estimates.

^{b/} Excludes production for Western Cameroun.

^{c/} Includes production for Western Cameroun previously included in that of Nigeria.

Source: FAO Production Yearbook, 1960-61.

Gill and Duffus: Cocoa Market Report, October 1962.

Nor is the high level of production restricted to the last two seasons alone. Weather conditions in West Africa and especially in Ghana (the main producing area) suggest that a much heavier crop might be realized during the 1962/63 season. Several factors have contributed to this level of production which has outstripped consumption and caused a dip in world prices.

The high prices which ruled the world markets in the early nineteen-fifties induced greater plantings in the producing countries. Not only did individual producers find in this a way to maintain or raise their standards of living but the various governments considered the revenue derived therefrom as necessary to their overall economic development. During the war and in the early post-war years, a substantial number of farms were devastated by the swollen-shoot disease. Due to considerable scientific research the disease was partially wiped out and even governments encouraged farmers to cut out the diseased trees.^{1/}

These factors have together contributed to the present increased production and it would suffice to say that the present level of production will (barring unfavourable weather conditions) be maintained through the present decade.^{2/}

World consumption or grindings of cocoa (although still below the production level) has been increasing at a faster rate in recent years. Stimulated by low prices, consumption of cocoa in Eastern Europe and North America rose in 1961 by nearly 10 per cent and an increase of the

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- ^{1/} In Ghana, where the disease became more deadly, the Government instituted a policy, whereby financial grants or compensation were paid to farmers for the trees cut out, and further grants were given to enable farmers to undertake extensive replanting.
 - ^{2/} Production around 1970 will be affected by prices and the new plantings will continue to produce and yields may even increase. Available data suggest that the present acreage under cocoa would be sufficient, barring the spread of serious pests and diseases, to maintain production at current or even slightly higher levels.

same order is anticipated for 1962. Some increases in consumption have recently occurred in Japan, the USSR and Eastern Europe. Consumption in these countries is still low but may become large enough to influence the world cocoa situation. In fact the USSR and Eastern Europe already account for about one-tenth of world cocoa imports.

In 1961 world cocoa imports amounted to an estimated one million tons, about 100,000 tons more than in 1960. There was a large increase in United States imports which rose by 100,000 tons - 40 per cent. These imports came from West African countries mainly Ghana and Nigeria. These two countries were also able to expand their trade with the EEC countries in spite of larger imports by the Community from its associated countries in Africa. The pressure of large supplies coupled with the very substantial speculative interest which developed several times caused some violent price movement in the course of 1961.

The decline in cocoa prices was worsened in October 1960 when favourable forecasts were made for the 1960/61 crop. In January of 1961 Good Fermented Main Crop Ghana cocoa, nearest shipment positions, was being quoted at 183/9d. per cwt.

In March, the situation deteriorated further and the London price for Ghana cocoa dropped to 160/5d. per cwt.^{1/} the Ghana spot price in New York similarly decreased from US 23.3 cents per lb. in January to US 20.6 cents per lb. in March.

Inter-governmental consultations and possible measures to stabilize prices played a significant role in the cocoa market after prices dipped in March. Thus after this period, on the assumption that some form of stabilization scheme might be worked out, prices rallied and the London price for Ghana cocoa averaged 178/8d. per cwt. (US 22.6 cents per lb. New York) during the second quarter.^{2/} During the third quarter

^{1/} During the first part of March, prices declined to 150/- per cwt. the lowest level attained since 1947.

^{2/} The highest point was reached in April when the Ghana cocoa price stood at 180/4d. cwt. (US 23 cents per lb. in New York).

of the year prices remained stable moving within the range of 167/6d. and 176/10d. per cwt. Towards the end of September, prices became weak and fell to 160/- per cwt., on the 27th of September. In October, however, forecasts suggested that the 1961/62 crop would not reach the record crop attained during the previous season. This caused substantial increases in prices and the cocoa price in London advanced sharply to reach 208/- per cwt. in early December (the Ghana Marketing Company succeeded in getting 225/- per cwt.). Towards the end of the month, when it became clear that the West African crop might be just as heavy as in the 1960/61 season, the market weakened and prices fell off and during the last marketing day in December the price dropped to 190/- per cwt. (US 24.05 cents per lb. in New York).

TABLE A. III. 3

International Market Prices of cocoa in Selected Areas
Annually 1957-1961, Quarterly 1961-1962

	London ^{1/} Sh. per cwt.	New York		Le Havre ^{4/} NF per 100 kg.
		Cents per lb. ^{2/}	Cents per lb. ^{3/}	
1957	247/2	30.6	30.5	271
1958	352/5	44.3	43.3	447
1959	285/6	36.6	35.4	426
1960	225/10	28.4	26.8	346
1961	179/11	22.6	22.4	272
1961 - Jan-Mar.	171/8	21.9	22.2	255
Apr.-June	178/8	22.6	22.6	266
July-Sept.	171/5	21.3	21.0	268
1962 - Jan-Mar.	173/2	21.5	21.2	270
Apr.-June	171/4	21.1	20.9	...
July-Sept.	168/3	20.4	21.2	...

^{1/} Spot London price of Good Fermented Ghana cocoa, nearest forward shipment c.i.f.

^{2/} Ghana Spot price, New York.

^{3/} Bahia Spot price, New York.

^{4/} Ivory Coast cocoa, ex-warehouse, Le Havre.

Sources: FAO Monthly Bulletin of Agricultural Economics and Statistics, June 1962. Gill and Duffus, Cocoa Market Report, October 2, 1962.

In January 1962, the average price for Ghana cocoa was 183/6d. per cwt.; prices were, however, higher at the beginning than at the end of the month when prices weakened considerably. The downward trend was resumed in February and in the subsequent months. In May this trend was arrested, influenced mainly by the Cocoa Study Group's meeting in Montreal when there was general anticipation that some definite result, such as a price stabilization scheme, would be reached. The outcome of the conference was, however, disappointing and coincided with the selling wave on the New York Exchange. The fall in stock prices caused a downward movement in cocoa prices which recovered somewhat towards the end of the month. Good Fermented Ghana Cocoa averaged 172/1d. per cwt. during this month. Throughout the second quarter of the year and the first month of the third quarter the market remained generally quiet with little or no alteration in prices. In September there was a further weakening in prices and the average for the month was 162/1d. per cwt., the lowest level since March 1961.

There have been reductions in producer prices in Ghana and Nigeria the worst reduction, from £160 per ton in 1960 to £100 per ton in the present day having occurred in the latter country. Similar reductions have also been effected in Ivory Coast, Cameroun and some Latin American countries and this, added to the fall in world prices may well affect output of cocoa in the long-run. To some extent, the effect of lower prices on producers' incomes has been cushioned by payments from reserve funds but this is a recourse beset with obvious limits. The depressing effect of low prices on output may be less pronounced than the stimulating effect of high prices, but labour and spraying costs in Africa are becoming important elements. The spraying subsidy in Ghana is said to have been withdrawn.^{1/}

Production forecasts for the 1962/63 season indicate a crop as heavy if not greater than the 1960/61 record crop. Weather conditions in West Africa have been extremely favourable and the Ghanaian crop could be as large as 500,000 tons though it might be counterbalanced

^{1/} Financial Times, November 6, 1962.

by smaller crops elsewhere. Consumption has increased at about 9 per cent a year during the last few years and if this trend is continued through 1963, consumption could take care of the record supplies. In the long-run the determining factor will be the future level of prices which will be low enough to induce consumption but insufficient to encourage producers to increase plantings.

The present forecasts, which estimate the level of production in the 1962/63 season to be heavy will cause a further deterioration in the price situation.^{1/} Until such a time as demand and supply will be in balance substantial increases in prices will be hard to achieve. On the other hand, the anticipated International Cocoa Agreement may also have a considerable influence on prices. But as has been pointed out earlier, the effectiveness of such an agreement will depend on the willingness or ability of producers to provide proper storage space for their surplus production and their preparedness to export no more than what the agreement imposes. In the long-run however any substantial increases in prices without withholding supplies, seems to require either a decrease in recent growth rates of production or rapidly expanding consumption in countries at present with predominant low per capita consumption of cocoa.

2. Coffee: Total world coffee output, estimated at nearly 4.5 million tons in 1961/62 means an increase of 13 per cent in 1960/61 but slightly smaller than the record of 4.6 million tons in 1959/60. An increase of Brazilian output by some 27 per cent largely accounted for the overall outturn. On the other hand, although a slight fall, African output of coffee had declined (from 797 thousand tons to 789 thousand tons in 1960/61 and 1961/62 respectively) owing to adverse weather in Ivory Coast and in East Africa, while events in Angola and Congo (Leopoldville) are believed to have had some effect on output. Asian output of coffee in 1961/62 was estimated lower than in the previous season owing to heavy rains in Indonesia and floods in India.

^{1/} Econometric analysis shows that the prices for a given crop are closely correlated with the level of expected prices, demand and stocks.

World trade in coffee (not roasted) in 1961 increased only slightly in 1960 - about 6 per cent - leaving no evidence that it would increase dramatically in 1962. Thus carryovers from 1960 added to excesses of coffee supply in 1961 led to further substantial stocks. Total stocks in both producing and consuming countries had grown from 1.9 million tons in 1959 to about 3.0 and 3.8 million in 1960 and 1961 respectively.

United States remained the largest coffee market in 1961 but imports there rose by 2.3 per cent in 1960 and by 4.8 per cent between January and August 1962 as compared with the corresponding period in 1961. One trouble, of course, is that the decline in coffee prices never seems to be passed on to consumers. For instance, retail prices of coffee in 46 United States cities have shown only a slight fall - 86.8 to 58.5 cents per pound bag from 1956 to 1961. In Italy, whereas the import unit value of coffee declined by 31 per cent between 1958 and 1960 retail price declined by only 2 per cent. However, significant trade increases in 1961 took place in the Netherlands, United Kingdom and the Federal Republic of Germany. Import demand in other importing countries showed some increases with the countries where coffee consumption is very low (e.g. Japan and the USSR) showing the largest rises.

Import figures are not always a very reliable guide in gauging consumption pattern. But, generally speaking, consumption of coffee in importing countries in 1961 followed the movement of imports. The very slow reaction of the coffee market to price changes, however, can be seen clearly in table A.III. 4 as against table A.III. 5.

As is already clearly evident, no major changes occurred in the world coffee market in the last two years. Characterizing coffee bean prices between 1950 and 1960 (see table A.III. 5) have been more downward than upward swings. Declines in coffee prices, although they have been temporary and contained within narrow limits, have remained at their lowest level of the post-war period. Their stability in recent months derives largely from the strict export control measures as well as co-ordination policies of the producers particularly those of the African

producers with respect to their accession to the International Coffee Agreement^{1/} in October 1960.

TABLE A.III. 4

Coffee: Net Imports in World regions and selected countries 1959 to 1962

Importing Country	1959	1960	1961 (partly estimated)	1962 (forecast)
	<u>Thousand Metric Tons</u>			
USA	1,356	1,291	1,320	1,350
Germany, Fed. Republic	185	197	215	230
France	196	197	195	200
Italy	84	99	105	110
Europe, Western	868	930	1,000	1,070
America	1,443	1,390	1,432	1,475
Asia, Africa and Oceania	115	135	148	165
Eastern Europe and USSR	52	52	70	95
World Total	2,478	2,507	2,650	2,805

Source: FAO Monthly Bulletin of Agricultural Economics and Statistics,
Vol.11, April 1962, p.10.

^{1/} Another one year Coffee Agreement has been extended from October 1, 1962. The extension will be effective for six months or until the New 5-Year Coffee Pact becomes operative. Entry into force of this Agreement will depend on those governments which will have deposited instruments of ratification when also governments representing at least 20 exporting countries having at least 80 per cent of total exports in 1961 and governments representing at least 10 importing countries having at least 80 per cent of world imports in the same year have deposited such instruments. It may therefore not be possible to know whether this will continue into force until the deadline of 31 December 1963.

TABLE A.III. 5

The International Market Prices of Coffee, Annual and Monthly Averages
1950-1962

	New York Santos 4	New York Manizales	New York Native Uganda	Le Havre-FWA Robusta Courant c.i.f.
	U.S. Cents per pound			N. Francs per kg.
1950	50.5	53.2	40.1	-
1951	54.2	58.7	46.8	-
1952	54.0	57.0	44.0	-
1953	57.9	59.8	47.6	-
1954	78.7	80.0	57.9	4.26
1955	57.1	64.6	38.4	3.10
1956	58.1	74.0	33.6	2.95
1957	56.9	63.9	34.6	3.36
1958	48.4	52.3	37.6	3.87
1959	37.0	45.2	28.7	3.47
1960	36.6	44.9	20.2	3.44
1961	36.0	43.6	(18.6)	3.30
Jan.	36.5	44.5	18.6	3.34
April	37.0	43.9	18.3	3.28
July	36.8	43.5	18.3	3.34
Oct.	33.7	43.2	18.3	3.30
1962 Jan.	34.2	42.8	19.7	3.30
April	34.1	41.4	20.3	3.33
July	34.6	39.9	20.5	3.34
Oct.	33.2	39.8	20.5	....

Source: FAO World Coffee Economy, Commodity Bulletin Series, No.33, 1961 and FAO Monthly Bulletin of Agricultural Economics and Statistics, April and October 1962.

An interesting development in the last quarter of 1961 continuing into the first quarter of 1962 was the increase in prices of robusta. Uganda unwashed native robusta f.o.b. rose from 129 shs. per cwt. in October 1961 to 153 shs. in March 1962 and owing to the lateness of the Ivory Coast and Madagascar crops French importers diverted into other European markets and the prices for Uganda robusta coffee on the London market climbed to 162 shs. in November. However, during the first quarter of 1962 there was a simultaneous weakness experienced by "Brazils and Milds". As a result, the price differentials in the world market have become somewhat narrower and closer.

In looking forward, FAO's April forecast places the 1962/63 total world output at 4270 thousand metric tons - 189 thousand less than in 1961/62. Significant drops are expected to take place in Brazil, especially in Sao Paulo due to severe drought in 1961 and eradication of poor yielding trees, and in Mexico where a recently announced eradication plan would reduce coffee acreage by 20 per cent.

But overall African output of coffee is expected to increase in this period. This growing significance of African output in respect of total world outturn however tends to become more of a curse than a blessing. Output rose from 280 thousand tons in 1948/49 - 1952/53 to 765 thousand tons in 1960/61 and is expected to exceed 800 thousand ton-mark in 1962/63. Under the present price levels in the main importing markets no major changes in the pattern of consumption appear likely. Even though world trade is expected to increase in 1962/63, carryovers may be expected to rise further. The main conclusions, therefore, still remain true; namely, that the increase in productivity, in order to face lower prices, and a general improvement in quality of coffee, appears to be the two appropriate ways to be followed by African producers. Such a policy pursued on an international scale may not prove the panacea it is supposed to be. It is encouraging to note the implementation of measures^{1/} to discharge production and regulations to avoid entry of low quality coffee into the world trade. Such measures appear to be necessary if the past progressive declines in prices are to be halted.

3. Tea: World output in 1961, estimated at over a million metric tons, was 69,000 tons larger than in 1960. Owing to unfavourable weather conditions in North India global output of tea in 1962 may violate the past upward trend. In fact, forecasts of last November showed that reductions in some producing countries would leave the overall supply position in 1962 some 5.9 million pounds below 1961.

^{1/} Measures to eradicate poor yielding coffee trees are being taken in Brazil - also suspension of purchases of expurgo coffees. The Coffee Institute of Mexico proposes to reduce the area under coffee by 20 per cent while in Ivory Coast, Kenya, Madagascar and Togo the purchase prices of the marketing boards were reduced and levies on exports increased in Tanganyika.

Trade-wise, African exports of 575 thousand metric tons in 1961 were 23 thousand tons above 1960 but less than 587 thousand tons in 1958. Exports from Kenya, Federation of Rhodesia and Nyasaland, Mozambique, Tanganyika and Uganda during the first seven months of 1962 were considerably larger than in the corresponding period in 1961. The rate of tea imports into the United States of America and the United Kingdom during the first half and part of the second half of 1962, even though the offtake was not very much larger than in 1961, indicated that the trade for the year would be well maintained.

Tea prices of past years may never be retrieved. Prices of all teas on the London market displayed an encouraging mood during the first three months of 1962, but as offers continued to increase a price depression occurred from April, running through July. On the whole, monthly price falls and rises during the first nine months of 1962 averaged about a third of their levels respectively in the corresponding period in 1961. The monthly average prices of 51.1 and 51.7 pence per pound (London - all tea) in the twelve months and in the first nine months of 1961 and 1962 respectively showed that price-wise, 1962 would have been only slightly better than 1961.

Although in the last ten years world demand almost caught up with the increasing production, it is useless to think that this can be repeated in future. The relatively slow rate of consumption in high income countries, particularly United Kingdom where consumption may be approaching saturation point means that prospects for expansion of trade are limited.

But since income and price changes in low income countries tend to influence demand, the future of teas may not be lost altogether. One important fact to remember is that for a long time to come quality will continue to place a special accent on the price. As in India, producers capacities to absorb increasing quantities of their own leaves might now seem the brightest feature in the outlook for teas - the output of which is being stimulated in many countries.

Barring bad weather conditions, however, expectations may well be for inexorable increases in future as expansion targets of tea production in various countries are reached towards the end of the decade. Such expansion outstripping demand will mean depressing effect on selling value unless drastic changes on the demand side take place.

4. Cotton: Cotton is the most important item in the exports from UAR (Egypt) and Sudan where it accounts for some 70 and 60 per cent respectively of total exports. This commodity also contributes substantially to exports from Chad, Central African Republic, Uganda, Mozambique and Tanganyika. Its contribution, however small to the total earnings of other African countries, cannot be ignored completely.

On a world basis, production in 1962/63 is expected to exceed that of the previous season by anywhere from one to two million bales. Cotton consumption at around 48 million bales in recent years has production of around 47 million bales to compare with. African production in 1962/63 is expected to rise above 1961/62. Of the important producers gains over the previous season are expected to take place in UAR (Egypt), Nigeria, Uganda and Tanganyika.

An interesting development to be noted in the cotton field is the fact that since the beginning of the second half of the 1950's consumption of cotton in the world has been moving ahead of production. At the same time stocks have fallen very slowly while consumption of synthetic fibres has been gathering momentum.

Cotton consumption, following economic recovery in industrial countries in 1959 and 1960, is today well above past records. However, the recovery in the prices of extra long staples from UAR (Egypt) and Sudan in 1960/61 (see table A.III. 6) was reversed in 1961/62 when the new wave of expansion in industrial countries does not seem to have had any influence on textile mills. Stocks last season rose sharply in the net importing countries especially India and Japan where cotton mill consumption has been on the upward trend since 1958. In many Western European countries they were lower than a year earlier.

TABLE A.III. 6

Cotton Prices, c.i.f. Liverpool, 1954/55 - 1962/63. Annual and Monthly Averages.

(Extra long staple cotton)

(Other shorter growths)

Year	Karnak F.G.	Sudan G5 S	Peruvian Pima No.1	Uganda B.P. 52	Sudan G5 L	Ashmouni F.G.
U.S. Cents per pound						
1954/55	60.05	53.54	50.95	44.19	48.09	46.86
1955/56	64.65	54.41	53.49	42.96	46.84	46.60
1956/57	72.11	69.33	63.61	43.65	55.22	49.59
1957/58	49.57	48.51	49.19	37.93	42.28	39.76
1958/59	35.70	34.59	35.76	32.87	32.82	32.44
1959/60	44.77	41.63	43.73	36.72	39.69	42.14
1960/61	46.91	43.54	43.71	36.95	40.14	41.58 ^{a/}
1961/62	43.28	38.00	41.38	-	36.90	-
August	43.10	38.70	39.26	35.95	37.09	39.05
1962/63						
August	41.06	36.71	37.97	35.62	35.07	Jul. 35.71

a/ Average of less than 12 months.

Source: World Statistics, Quarterly bulletin of the International Cotton Advisory Committee, Vol. 14, No.11 (part II) 1961 and Vol.16, No. 2-3 (part II) Sept-Oct. 1962.

The price of Karnak F.G. - Liverpool, fell from 46.91 cents per pound in 1960 to 43.28 cents in 1961 and further down to 41.06 cents in August 1962 thus reaching their lowest point since 1958. The situation for Sudan G5 S in this period did not improve either as it did not for Peruvian Pima No. 1.

A revival in demand was also registered for shorter growths between 1959 and 1960. Uganda BP.52 and Sudan G5 L witnessed some measure of price rise.

An interesting development to be noted is the considerable narrowing price differential between shorter growths and the extra long staples - this especially so between Ashmouni F.G. and Karnak F.G. since 1959/60. Generally speaking this is symbolic of the growing significance in the quality improvement of shorter growths and an indication of the growing keen competition which may in future be expected between them. Medium staples give a better yield and as is claimed they are needed for increasingly popular drip-dry shirts.^{1/}

^{1/} Financial Times, November 15, 1962.

In general, the prices of various growths in 1961/62 were characterized by lower prices at the end of the marketing season than at the beginning even though higher prices between these two extremes had been recorded. The weakness of last season's prices continued into 1962/63 is generally attributed to prospects for another record world crop and the less favourable textile situation in many of the major consuming countries.

A larger cotton crop is forecast in UAR in 1962/63 - an increase of 44 per cent on 1961/62. Estimate of extra long staple cotton is 71 per cent larger than in 1961/62 and indicated increase of other growths averaged 27 per cent above 1961/62.

Weak prices in recent months have been responsible for developments in certain of the major cotton producing countries. Either the export price has been reduced or exchange rates increased. For instance in August 1962 the Egyptian Cotton Commission reduced its export prices for new crop cottons. To some extent this reduction was apparently influenced by the reduction made earlier in the year in the reserve prices in Sudan.

The rate at which man-made fibres continue to be manufactured is very great having risen from 3 per cent in 1950 to 18 per cent in 1960 whereas the proportion of cotton in world production of fibres fell from 82 per cent to 66 per cent in the same period. This means that further use of cotton piece goods is threatened. As textile industries increase in relative importance, for instance in UAR (Egypt) where very close to half the country's output is retained, for home consumption, the greater concern in future may be the finding of export markets for finished textiles rather than the sale of cotton crop. While changes in consumer preference and demand cannot be restricted, a lot in this field will, among other things, continue to depend on the advantageous properties of each fibre above the other.

5. Sisal: In the world of hard fibres sisal production accounts for the largest share - more than double the output of abaca and henequen put together. On continental basis, sisal is largely a monopoly of Africa where output is slightly above three-fifths of the world total. Tanganyika ranks first in production and export, growing 55 per cent

of the African production or 34 per cent of the world total, and is therefore the most important cash crop of that country. Kenya and Uganda rank second, Angola third and Mozambique fourth though a long behind in this order.

Total world output of sisal reached 561 thousand long tons in 1961 - 3,000 long tons below output in 1960. But in actual fact, the supply situation cannot be said to have been out of balance and weakness of prices from April to December 1961 was largely a question of trends in consumption pattern. Output in 1962 did not show any marked expansion - an expectation which early in the year contributed to the firmness of the market for fibre for the rest of the year.

East African exports of sisal totalled 62,400 tons in the second quarter of 1962, which was 1,500 tons below shipments in the corresponding quarter in 1961. The fall was entirely in Kenya exports. Tanganyika's exports increased by 2 per cent to 50,600 tons. Mozambique's exports in the first half of 1962 were 32 per cent higher than in the first half of 1961. Exports from Angola in the period January to April showed an increase of 5,000 tons over the corresponding period in 1961.

Top quality grades of sisal in all markets opened 1962 on strong notes although averages for the first half (see table A. III. 7) were lower than in the same period in 1961. Though maintaining a steady rise, the prices of sisal ended the year on higher tones. By October 1962 some grades of sisal had witnessed considerable price gains. For example, B.E.A. No.3L reached an average of £100 a ton after eighteen months. The same grade was able to fetch over £110 per ton during the third week in November.

Accounting for the strength in fibre prices in 1962 were rather unexpected factors in industrial countries. Chief among these were: a sudden fall in Brazilian shipments owing to efforts by Brazilian farmers to hedge against severe inflation and an unexpected large cereal crop in Europe.

TABLE A.III. 7

International Market Prices of Sisal, New York, Antwerp, European Ports,Annual and Monthly Average 1954-1962

Year	B.E.A. Sisal No.1, c.i.f. European Ports £s per ton	B.E.A. Sisal No.1 landed New York Cents per ton	B.E.A. Sisal No.1, c.i.f. Antwerp £s per ton	Brazilian Sisal type 1 landed New York Cents per ton	Mexican Henequen A landed New York Cents per ton
1954	86.8	11.1	82.6	9.3	8.8
1955	80.3	10.4	77.5	8.9	7.6
1956	78.5	10.2	76.3	8.8	8.2
1957	71.8	9.4	69.3	7.9	7.8
1958	72.2	9.5	70.3	8.1	7.4
1959	89.3	11.6	87.7	10.7	8.4
1960	102.1	12.9	100.6	12.2	10.1
1961	90.0	11.8	91.5	11.2	8.9
Jan-June	99.3	12.5	96.8	11.4	9.1
Jul-Dec.	87.0	11.1	86.1	10.8	8.6
1962					
Jan-June	95.8	12.2	93.6	10.9	9.2
July	99.0	12.5	97.5	11.3	9.1
August	99.0	12.3	98.3	11.9	9.1
Sept.	99.0	12.5	99.0	12.3	9.1

The prospects of there being short supplies of E.A. sisal between July and September 1962 was also an important influence in raising prices at that time.

Future prospects in prices and output are hard to know but the statistical outlook is for supply and demand to move together. The narrowing differentials between prices of various sisal grades was evidence of the strength of the market in 1962, a characteristic likely to continue into 1963. The situation has of course changed much from the abnormally wide price differentials of 1958.

6. Rubber: Estimate of natural rubber last September put production for 1962 at 2,145,000 tons and consumption at 2,100,000 tons. Annual output from African plantations accounts for approximately 7 per cent of total world supplies. It is generally of very high quality, a large proportion being RSS No.1 and 2. These grades make up some 85 per cent of production in the Congo, and about 55 per cent of exports from Liberia. Except in the latter country, rubber plays a relatively small part in the economies of Nigeria, Congo (Leopoldville) and Cameroun.

The steady decline in rubber price from an average of 31.4 pence per pound in 1960 was stopped in 1962 with prices holding at around 22 to 24 pence per pound (domestic import price c.i.f. for RSS No.1 United Kingdom) and the price of 21.9 pence per pound in August 1962 was the lowest in many months.

Prices of rubber are usually highly sensitive to changes in economic activity in industrialized countries, and even more so to any deterioration in the international political situation. However, the depressed prices of recent months resulting since May 1962 in rising stocks in producer countries may be largely a result of the pressure on markets of releases from United States stockpile and a contraction in Russian buying. These two extraneous factors seem to dominate the short-term outlook for rubber while long-term prospects are based on expansion in world industrial activity.

Production of natural rubber is now less than synthetic, with demand for both nearly as high as the supply. Last year natural rubber lost its predominant position in the sphere of elastomers, due to the emergence of the new stereo synthetics. These are hard facts whose implications are well worth heeding.

Furthermore, it must be remembered that even though research in natural rubber continues to be directed towards areas which act as deciding factors in the choice between natural and synthetic rubber, yet existence of limitations in this field must be borne in mind. The selling prices of man-made substitute provide both a ceiling and a floor to the price of

natural rubber. With improved techniques and large scale production, some price reduction in synthetics might be expected. Consequently, it will be possible for buyers to obtain their needs for all specialized purposes from man-made articles. The present high cost of production and heavy capital outlay associated with production of synthetic rubber can only be regarded as a temporary safety valve. Before the situation changes, natural rubber may therefore be confident of being able to contain the spread of synthetics. To be able to do so, however, and in order to maintain economical prices, more and more effort should continue to be directed towards the concept of "profit per acre" instead of the old one of "profit per pound". World demand for rubber in the next decade is expected to increase by 180,000 tons a year, faster than natural rubber output can expand.

7. Vegetable oils: World production of vegetable oils reached a record high of 31.8 million metric tons in 1961, an increase of 800,000 metric tons or 2.6 per cent above that of the previous year. The recovery in output was principally in the edible oil group, where estimated groundnut and sunflower seed oil supplies were much heavier and olive oil output reached the highest level for nearly ten years. While the supplies of edible industrial oils were heavy in 1961, they showed no appreciable expansion, as the fall in the production of palm oil produce was only partially offset by an increase in copra production.

The most important features in the production of edible oils have been increased supplies of groundnuts in West Africa, India and Argentina as well as continued expansion in the production of soyabean oil and sunflower-seed oil in the United States and the Soviet Union respectively. Olive oil production normally shows a biennial fluctuation, being a tree crop, but despite this, production has increased in recent years and reached a record level in 1961, the highest for nearly ten years.

World trade in fats and oils declined in 1961, due principally to reduced import demand from Western Europe. Although largely self-sufficient in the production of animal fats, Western Europe is the largest importing

area of vegetable oils as its domestic production of oilseeds is relatively small. In 1961, however, production of butter in the main producing areas in Western Europe was accelerated and this led to a decline in the output of margarine which provides the main outlet for vegetable oils especially those in the lauric-acid oils group. This development naturally led to a reduction in the import of vegetable oils into Western Europe. The situation was offset somewhat by increasing domestic demand in certain areas such as India, China and Indonesia. In Africa, on the other hand, additional sales were made by certain exporting countries notably Senegal, Nigeria and Congo (Leopoldville) and sales have risen well above their pre-war levels. All told, world trade in vegetable oils and seeds in 1961 dropped by 5 per cent to its lowest level since 1958. With increased exports of both edible-industrial and industrial oils, the fall was almost all attributable to a reduction in the edible oil group, notably exports of soyabeans and oil.

In the first part of 1961, there was a general recovery in the prices of vegetable oils. In the edible oil group the shortage of Chinese soyabeans which became apparent in December 1960, forced a reduction of Chinese deliveries of oils on international markets which caused a drastic reduction in shipments to the Sino-Soviet area. As a result, these countries made larger purchases than usual on international markets and caused prices of edible oils to rise rapidly from December, 1960 until May 1961.

After mid-1961, however, the market was depressed by abundant supplies of soyabean oil in the United States,^{1/} although the market was partially strengthened by the high United States support price. The situation was further aggravated by the increased supplies of groundnut, sunflower-seed and other oils from West Africa and Argentina. The abundance of

^{1/} In the United States, heavy planting had been made induced by the announcement that the US support price to farmers had been raised from \$68.00 per metric ton in 1960 to \$84.50 per metric ton in 1961.

Source: Monthly Bulletin of Agricultural Economics and Statistics, April 1962.

coconut oil (in South East Asia) which had been substituted for soft oils in recent years also had some adverse effects on prices. Heavy supplies of olive oils in the Mediterranean area caused a drop in the import demand for other soft oils especially in Italy. Another major factor that influenced prices was the substantial increase in butter production in Western Europe. This caused a decline in prices of butter and a subsequent reduction in consumption of margarine, the main outlet for lauric-acid oils.

Subsequently, the FAO index of prices of fats and oils in international markets averaged 91 (1952-54=100), a slight decrease compared with the previous year and the lowest for the past decade.

In the early months of 1962, prices of edible oils showed a tendency to ease only slightly despite large supplies of soyabean, groundnut and sunflower seed oils as the soyabean support price in the United States continued to provide a floor to the market for edible oils. The general trend of vegetable oil market continue to be weak and the situation is likely to continue unless the United States Government intervenes with further soyabean oil support measures. The main reason for the imminent weakness of vegetable oils is the fact that their production in both the United States and Western Europe is not determined solely by their requirements for oils but by their requirements for their meals. Furthermore, the consumption of vegetable oils have been affected by the continuously growing competition from animal fats and marine oils, and the share of these oils in margarine and other products has been increasing^{1/}.

World production of fats and oils has been estimated to increase by about 3 per cent in 1962. Most of the crops harvested in 1961 set new records and most of the oils will be available in 1962. World trade in fats and oils will probably expand moderately in 1962, reflecting increases in production. Exports of groundnuts and oil, sunflower seed oil appear

^{1/} The increasing share of these oils is due to their cheapness; while in the manufacture of soap, tallow is very widely used. FAO Monthly Bulletin of Agricultural Economics and Statistics, April 1962.

TABLE A.III. 8

Index numbers of international market prices of fats and oils - 1957-61

	Edible (soap and oils) (excluding butter)						Drying Oils 3/	Fish Oils	TOTAL ALL FATS AND OILS
	Olive Oil	Other Soft Oils 1/	Lauric Acid Oils 2/	Lard	Tallow Whale & Palm Oils	ALL ITEMS			
1957	111	101	87	100	118	101	102	120	140
1958	94	80	102	93	110	96	90	109	96
1959	94	79	124	72	107	101	85	100	99
1960	99	80	102	78	98	93	91	88	92
1961	95	92	82	82	100	90	101	84	91
1961-January	96	89	87	83	100	91	92	85	91
February	95	96	89	98	104	96	99	86	96
March	97	100	87	98	107	97	101	88	98
April	98	102	85	93	111	98	102	88	98
May	100	100	83	83	110	96	99	90	96
June	96	94	80	75	104	91	98	91	92
July	93	93	81	75	98	89	107	85	91
August	93	89	81	78	97	88	106	83	90
September	93	85	78	76	95	85	104	75	87
October	93	85	76	76	93	83	102	75	86
1962-January	96	89	79	74	94	86	104	75	88
February	99	84	80	77	93	85	101	69	87
March	99	82	80	78	92	84	101	68	86
April	99	81	82	75	89	84	103	68	86
May	103	76	80	76	88	82	101	68	84
June	107	74	78	75	84	79	99	68	82
July	107	72	77	74	82	78	98	63	80
August	111	71	77	78	81	78	97	60	80
September	115	71	77	79	77	77	94	58	79
October	115	71	82	82	78	79	92	54	80

Source: FAO Monthly Bulletin for Agricultural Economics and Statistics,
April 1962.

1/ Includes series for groundnut, soyabean and cottonseed oils.

2/ Includes series for coconut and palm-kernel oils.

3/ Includes series for linseed, castor and tung oils.

to be the most likely to increase. Trade in olive oil, on the other hand, is likely to decrease as a result of large stocks held in Italy, the main importing country.

8. Groundnuts: World production of groundnuts at 13.8 million metric tons in 1961/62 was 1.5 per cent over the record crop of the previous season and 10.4 per cent above that of 1959/60. This significant increase was due to a considerable recovery in the major producing areas in West Africa as well as record harvests in India and Argentina. Increases in output were reported from other minor producing areas notably South Africa and Brazil. These increases more than offset lower output in Sudan and the Congo (Leopoldville).

Increased output in Africa contributed to the export availabilities of groundnuts and oil on world markets, since domestic consumption in India has tended to increase in recent years. In Nigeria, output of the commercial crop in 1961/62 rose to nearly 1.3 million metric tons (shelled basis) and in the former French West Africa (Senegal, Mali and Niger) production is estimated to have increased by as much as 13 per cent above the previous season^{1/}.

General reduction in the trade of vegetable oils did not affect exports of groundnuts from West Africa particularly Nigeria and Senegal. Net exports of groundnuts in 1961 increased by nearly 17.5 per cent over the low level recorded in the previous year although exports of groundnut oil fell by 3.0 per cent during the same period. The increase in shipments was mainly from West Africa especially Nigeria, Senegal and the Cameroun; exports from Sudan also showed a marked recovery. Senegal was the only country to report any significant increases in oil exports^{2/} but this was

^{1/} In both Senegal and Mali, there is a considerable additional production for local consumption although the quantities grown are not accurately known.

^{2/} Unlike most African producing countries, Senegal has a well established and important groundnut crushing industry, which was developed during the war to maintain supplies to France. The industry is equipped with modern machinery including solvent extraction plants and produces high quality oil.

offset by the drop of supplies from Argentina and China. In all Nigerian exports were about 37 per cent larger than in 1960 and those from Senegal and Mali were up by nearly 18 per cent. In contrast Indian exports of ground groundnuts fell by 11.8 per cent and groundnut oil by 28.0 per cent in 1961^{1/}.

TABLE A.III. 9

Net exports of groundnuts and oils from the main
African producing areas, 1958-1961

(Thousand metric tons)

	Groundnuts (shelled basis)				Groundnut oil			
	1958	1959	1960	1961	1958	1959	1960	1961
World	1,399	1,272	1,060	1,245	288	299	304	295
Africa: of which	1,139	1,023	834	1,008	168	188	186	199
Dahomey	16	3	15	13	-	-	-	-
Niger	87	52	51	38	1	5	5	5
Senegal	330	288	253	270	107	114	114	126
Gambia	64	41	34	51	-	-	-	-
Nigeria	521	505	337	502	40	49	47	46
Sudan	60	63	66	83	-	-	-	-
South Africa	26	42	47	31	14	14	15	16

Source: FAO Monthly Bulletin of Agricultural Economics and Statistics, October 1962.

^{1/} The strong domestic demand kept prices of Indian groundnut oil above the level at which exports would have been profitable.

Source: FAO Commodity Review, 1962.

World prices of groundnuts and oil which during the latter half of 1960 tended to decline from earlier high levels, rose very sharply at the beginning of 1961 and to the highest point in four years. Although there were larger supplies on international markets, the tendency for prices to decline in the face of heavier supplies was diminished by the reduced availabilities of soyabeans, especially from China. This apparent scarcity pushed all edible oil prices to higher levels. Prices for Nigerian oil at European Ports reached a peak of US 33.7 cents per kilogram in March, 1961 and from there eased off to reach US 29.7 cents per kg. in November, the lowest since 1960. In the United States market, however, there was an exception to the general trend. Price levels were lower at the beginning of the year but the market strengthened and the price per kilogram stood at US 41.0 cents in November, the highest in recent years. This opposite movement might be due to the high United States support price^{1/} following the increased production of soyabeans. In contrast to the price movements on international markets, the price of groundnut oil in France remained high at US 53.3 cents per kg. throughout 1961 to early 1962. This is due to the price support programme maintained by the French Government for the purpose of encouraging an ordered development of soft oils and to avoid any excessive price fluctuations^{2/}. Generally prices tended to ease in the second half of the year but although they strengthened in December the downward trend was resumed in the early months of 1962.

- 1/ In the United States support programme for soyabeans, enables farmers to obtain Government loans at a price-support rate, by pledging properly stored soyabeans as security.
- 2/ In 1954, the French Government established a marketing organization - the Societe Interprofessionnelle des Oleagineux Fluides Alimentaires (SIOFA) endowed with a monopoly of import. Each season the SIOFA announces for a specific quantity of groundnuts a guaranteed import price, with respect to former French territories, which may not vary during the season beyond a prescribed limit (usually 5 per cent). Under a recently concluded agreement with the countries of the EEC, the guaranteed import price will be discounted by 1963/64 and selling at world prices will begin in 1964/65. (See introduction).

Source: National Marketing Boards and Price Stabilization Funds in Africa,
Report by the UN Secretariat (E/CN.14/STC/CS/1).

TABLE A.III. 10

International prices of groundnut oil in selected countries1957-1961; Monthly 1961-1962

(Prices in US cents per kg.)

	<u>European Ports</u> <u>1/</u>		<u>France</u> <u>2/</u>	<u>India</u> <u>3/</u>	<u>United States</u> <u>4/</u>
	I	II			
1957	36.2	36.0	57.8	31.3	33.3
1958	-	27.6	54.5	31.1	35.9
1959	30.8	30.0	50.0	33.1	27.8
1960	33.6	32.7	50.0	39.0	33.3
1961	34.0	33.0	53.3	43.7	35.5
1961 - January	34.2	33.1	53.3	43.1	29.5
February	35.8	34.9	53.3	44.3	31.3
March	37.6	37.3	53.3	46.8	32.2
April	37.4	36.9	53.3	46.2	33.1
May	35.9	35.2	53.3	46.5	33.5
June	33.8	33.0	53.3	47.9	34.0
July	33.4	32.8	53.3	46.2	34.8
August	33.0	32.1	53.3	45.2	35.7
September	32.2	30.1	53.3	39.3	39.2
October	-	29.3	53.3	38.8	40.1
1962 - January	-	32.8	53.3	41.0	42.1
February	-	29.9	53.3	41.5	42.3
March	-	29.1	53.3	39.9	39.2
April	-	28.2	53.3	39.9	36.4
May	-	27.0	53.3	38.8	34.4
June	-	26.8	52.7	38.8	34.4
July	-	26.7	52.1	40.3	35.3
August	-	26.5	51.2	41.4	35.5
September	-	26.9	..	39.6	37.0
October	-	25.2	..	..	..

1/ European Ports I - South Africa, 20 per cent bulk, spot price Rotterdam.

II - From January 1957, British West Africa, 3-4 per cent
Nearest forward shipment; from January 1961,
Nigerian, nearest forward shipment.

2/ France - Refined, for all food uses, wholesale price ex-mill.

3/ India - Raw, filtered, ex-mill, Bombay.

4/ United States - crude, tank cars, f.o.b. South eastern mills.

In early 1962, a marked downward trend of groundnut prices became apparent despite the steadying influence of the American soyabean support price. The reason for this was the easy supply position not only of other edible vegetable oils but also of marine oils. Throughout the first ten months of the year prices continued the downward trend and the European price of Nigerian oil which had started the year at US 32.8 cents per kg. fell down to as low as US 25.2 cents per kg. in October 1962. Even in France where the support price programme had helped to maintain prices at a relatively higher level (US 53.3 cents per kg.), the price dropped to US 51.2 cents per kilo in August. Altogether, groundnut prices have fared much better than other soft oils, partly because of the unusual demand from Spain.

The future trends of prices of groundnuts largely depends on the future supplies of soyabeans especially from USA and mainland China where production has fallen in recent years. Another important factor will be the United States Government policy in respect to its support programmes for soyabeans. The United States price for soyabeans indirectly serves as a support for most other edible fats and oils including groundnut oil. Groundnut oil is especially prized as a cooking and table oil particularly in France but competes with soyabean oil as an ingredient of margarine. There are, however, slight differences in the chemical constitution and physical characteristics of these oils which are reflected in a somewhat higher price for groundnut oil than for soyabean oil in international markets. Thus the price of soyabean oil usually sets the floor for the price of groundnut oil.

To certain African countries, groundnuts have become an important source of export earnings and the importance of higher price levels to them cannot be underestimated. In recent years groundnuts have accounted for about four-fifths of the value of all exports from Senegal, Niger and Mali. Gambia is likewise dependent on groundnuts; on the average groundnuts and oil have

accounted for about one-fifth of Nigerian exports (in value terms) in the last few years^{1/}.

9. Olive Oil: Total world production of olive oil both edible and inedible^{2/} is estimated to have reached nearly 1.4 million metric tons in 1961/62. This reflects production nearly equal the record crop of the previous year. The high level of production was due to record harvests in Greece, Italy and Portugal which nearly offset the low level of production in Africa. Output in Asia increased by 50 per cent due to an unexpected heavier harvest in Turkey.

In North Africa which accounts for the overall output in Africa, production fell by nearly 50 per cent from 190,000 metric tons in 1960/61 to 95,000 metric tons in 1961/62. The output of olives, being a tree-crop, shows a biennial fluctuation and this accounts for the substantial decrease in production in Africa and other areas in the 1961/62 season. The decrease was much more apparent in Tunisia (the most important producing area in Africa) where production fell by nearly 64 per cent to an estimated output of 38,000 metric tons. In spite of these natural fluctuations in output, production in Tunisia is expected to increase in the present decade since the area under cultivation has been stepped up in recent years. For example, tree numbers in 1958 (the latest period for which data are available) were 27.9 million, whereas ten years earlier there were only 22.5 million trees. The only country in Africa to have increased production in 1961/62 was Libya where production reached 17,000 metric tons from an estimated 3,000 tons in the year before. The Libyan harvest was favourable due to good weather.

1/ The figures relate to the years 1958-1960.

Source: Commonwealth Economic Committee - Vegetable oils and oilseeds, 1962.

2/ There is an important production of inedible olive oil by solvent methods from the residue remaining after crushing. These residual products are commercially known as sulphur oil, olive kernel oil or "sansa", and are used widely as soap stock or in wool combing and other industrial processes.

The high level of production in Europe adversely affected trade in olive oil and total exports fell by 4.7 per cent to 205,000 metric tons in 1961. The decrease was due to a reduced import demand in Italy and almost all the European consuming countries. In contrast import into North America increased markedly but was still too low to offset decreases in other areas. The overall decline in trade had no ill-effect on exports from North Africa which increased by 53.3 per cent to 47,900 metric tons in 1961. Worthy of mention is export from Tunisia which increased by as much as 72.1 per cent to 45,100 metric tons.

Influenced by plentiful harvests in Tunisia and certain mediterranean countries the prices of olive oils receded towards the end of 1960. In the first part of 1961, however, there were some increases in quotations when world edible oil prices showed considerable recovery. The highest point was reached between March and May when Italian first quality, producer price averaged US 84.2 cents per kg. In the United States the market strengthened around mid-1961 when edible import oil rose to US 69.4 cents per kg. By the autumn of 1961, prices had eased a good deal but prospects of a smaller world harvest in 1961/62 caused some upward movement in quotations in December and the price of Spanish edible oil jumped to US 56.0 cents per kg., the highest point reached in five months. In general prices did not fluctuate a good deal in 1961, the highest prices in Italy of US 84.8 cents per kg. contrasting with the lowest price of US 82.4 cents per kg. in a greater part of the year. In Spain the difference was even smaller, the highest price being US 69.4 cents per kg. and the lowest US 68.1 cents per kg. Spanish oil prices, however, take the form of a range within which prices are free to fluctuate.

The market for olive oil strengthened at the beginning of 1962 in anticipation of lower output in most producing countries. Thus in Spain, after averaging about US 58.9 cents per kg. during the second half of 1961, the price rose to US 59.8 cents per kg. in the first six months of 1962. Further increases in prices were recorded in the following months and the peak was reached in October when the price rose to US 70.2 cents per kg. in October. Similar increases were recorded in the other main markets in the United States and Italy.

The most significant feature about these developments is that whereas prices of most edible oils continued to fall during 1962, those of olive oil showed an upward trend. Two main factors affected these unusual price movements. Firstly the anticipated lower crop in 1961/62 had a marked influence on prices and secondly although grouped among several edible oils, olive oil is preferred in such countries as Italy and Spain and the substitution effect is almost negligible. Thus eventually local tastes for olive oil in these countries, where olive oil is preferred as table oil to any other edible oil, plays an important part in maintaining olive oil prices at higher levels.

In the long run, prices of olive oil will be greatly influenced by increased availabilities and shipments of other edible oils. For edible purposes olive oil competes with such oils as groundnuts, soyabeans, sunflowerseeds, cottonseed, rapeseed and sesame. The production of groundnuts, soyabeans, and sunflowerseeds is known to have increased in the United States, West Africa, Argentina and Soviet Union in the 1961/62 crop years. Their oils will become available in 1963 and these are bound to have some effect on olive oil prices. Another factor that might force down prices is the production of olive oil itself which is expected to increase during the 1962/63 season. The mere expectation of increased production might force down prices which have reached unusual levels.

10. Palm Oil: World production of palm oil at slightly over 1.1 million metric tons in 1960/61 was 27,000 tons lower than in the previous year and slightly below the 1958/59 crop. The decrease was mainly the result of lower output in the principal African producing countries - Nigeria, Congo (Leopoldville) and Dahomey. In contrast production in Indonesia and Malaya increased but this was unable to offset the substantial fall in output in West Africa. Local tastes, especially in West Africa, might partially have accounted for the reduced availabilities of palm oil for the world markets. West Africans are known to prefer palm oil with its extreme degree of acidity as a staple diet to the refined product, and increased consumption in these areas would definitely have reduced the quantity available for exports.

TABLE A.III. 11

International prices of olive oil in selected areas

1957-1961, Monthly 1961-1962

(Prices in US cents per kg.)

	Italy 1/	Spain 2/	United States 3/
1957	88.8	76.9	91.5
1958	77.1	64.4	72.1
1959	89.1	58.8	69.0
1960	90.7	58.5	67.9
1961	83.0	56.1	69.0
1961 - January	83.4	56.7	69.0
February	82.4	56.0	68.8
March	84.0	57.4	69.0
April	84.8	57.8	68.1
May	84.0	58.8	68.8
June	82.4	56.7	69.4
July	82.4	55.0	68.8
August	82.4	54.6	69.0
September	82.4	54.6	69.4
October	82.4	54.6	69.4
1962 - January	83.2	56.6	70.5
February	84.0	58.8	70.5
March	84.0	58.8	71.7
April	85.6	58.8	73.4
May	87.2	61.5	73.0
June	88.0	64.4	74.1
July	88.0	64.7	76.1
August	89.6	67.2	77.8
September	..	69.7	82.8
October	..	70.2	..

1/ Italy - First quality, 1.2 per cent, producer price, Bari.

2/ Spain - Edible, 1 per cent drums, f.o.b.

3/ United States - Edible, imported drums, New York.

Source: FAO Monthly Bulletin of Agricultural Economics and Statistics, October 1962.

Total consumption in 1961 in Western Europe which provides the main outlet for palm oil declined as a result of increased production of butter in this area, and a consequent reduction in the production of margarine.

The decrease in the consumption of palm oil is due to the very peculiar nature of the oil. It is not as "hard" as coconut or palm kernel oils nor as "soft" as the edible oils. It is used in margarine and shortening and in soap and various other industrial products. In the non-food uses it competes with tallow and greases and to some extent with whale and fish oils. In food uses it competes with the lauric acid oils which increased during 1961 and since they are normally better preferred to palm oil they caused a reduction in the consumption of the latter product. Furthermore, the consumption of whale and fish oil has increased recently, stimulated by lower prices, and this has had an unfavourable effect on palm oil consumption.

International palm oil prices have fluctuated less than those of most other fats and oils; during the period 1952-1961 palm oil prices deviated up to +9 and -12 per cent from the average price^{1/}. Unlike the prices of most fats and oils, the prices of palm oils averaged much more in 1961 than in the preceding year.

Since it competes with soft oils, the rise in the prices of these oils at the beginning of 1961 influenced the market prices of palm oils also. Thus during the first part of 1961, the Antwerp price of Congolese oil averaged about US 23.0 cents per kg., slightly higher than the previous year's average. In the second half of the year, however, the abundance of coconut oil in South-East Asia, the increased availabilities of soyabeans, groundnut and sunflowerseed oil coupled with the favourable prices of whale and fish oil forced down prices. The price of Nigerian oil, nearest forward shipment, which had also remained relatively high in the early months of the year, dropped to US 22.6 cents per kg. between July and December.

^{1/} Recent World Market Trends in Relation to Stabilization Problems and Policies. E/CN.14/STC/CS/8.

Palm oil prices remained relatively stable during the early months of 1962 and even tended to strengthen in February when the price of Congo oil in Antwerp rose to US 23.4 cents per kg., the highest since January 1960. In May, however, palm oil quotations which are linked more closely with other vegetable oils and marine oils dropped sharply to US 21.7 cents per kg. Palm oil continued to yield to the pressure of lower levels established for whale and marine oils and the downward trend was continued. Thus by the end of October, the prices of both Congo and Nigerian oils had fallen to their lowest since 1953, and there were no signs of a reversal of this downward movement.

For the future, the world market price for palm oil will depend largely on the general balance between supply and demand for all fats and oils. With the expected increase in world population, rising prosperity and the economic growth of the developing countries, world demand for fats and oils is likely to increase. However, as regards prices of palm oil, they seem to have yielded to intense competition from whale and fish oils. Prices of these oils have declined substantially as a result of large increases since 1959 in the production and export of fish oil from Peru, world output of which is expected to continue on a higher level. The future price levels of palm oil therefore will be largely determined by the production and prices of these competing oils and the state of margarine production in Western Europe.

Production in Africa will increase since high yielding varieties are at present being cultivated. Output in the Congo (Leopoldville) which constitutes a significant proportion of overall production in Africa will show an upward trend after conditions have returned to normal. These developments will not necessarily indicate increased shipments to world markets since a great deal of palm oil is consumed by growers and it is estimated that only about half of world production enters into international trade. With increased growth in population and rising standards of living, increasing quantities of palm oil will be consumed in producing countries and as is in the case of groundnuts and oil in India there might be reduced availabilities for world markets.

TABLE A.III. 12

International prices of palm oil in selected areas

1957-1961, Monthly 1961-1962

(Prices in US cents per kg.)

	European Ports <u>1/</u>		Malaya <u>2/</u>	United States <u>3/</u>
	I	II		
1957	24.7	25.4	23.2	40.1
1958	22.5	22.8	20.3	31.7
1959	23.8	23.8	21.2	32.2
1960	22.4	22.4	20.0	31.3
1961	22.6	22.8	..	32.2
1961 - January	21.6	22.3	19.4	30.9
February	22.8	22.8	19.9	31.3
March	23.1	23.1	20.0	32.6
April	23.2	23.3	20.0	32.6
May	23.3	23.4	20.5	32.6
June	23.1	23.3	21.0	32.6
July	22.6	22.9	21.0	32.6
August	22.3	22.6	21.2	32.6
September	22.4	22.6	20.1	32.6
October	22.4	22.6	19.7	32.4
1962 - January	22.8	22.6	..	32.0
February	23.4	22.9	..	32.0
March	-	21.6	..	31.5
April	22.0	21.2	..	30.9
May	21.7	21.2	..	30.9
June	21.4	20.9	..	30.9
July	21.0	20.7	..	30.4
August	20.6	20.6	..	29.8
September	19.9	20.3	..	29.8
October	19.7	19.3	..	..

1/ European Ports I - Congo (Leopoldville), 6-7 per cent, bulk, nearest forward shipment, c.i.f., Antwerp.

II - Nigerian bulk, nearest forward shipment, c.i.f.

2/ Wholesale price, f.o.b. Singapore.

3/ Clarified, drums, f.o.b. New York, (includes 3 per cent per lb. processing tax).

Source: FAO, Monthly Bulletin of Agricultural Economics and Statistics, October 1962

11. Palm Kernel Oil: World production of palm kernels fell by 17,000 tons to 875,000 tons in 1960/61, although the production of palm kernel oil remained virtually unchanged. This decline was due to reduced output in the Congo (Leopoldville), Dahomey and the Ivory Coast. There were slight increases in Nigeria and Sierra Leone but these were insufficient to offset the substantial fall in other areas in Africa. In the Congo, which accounts for about one-third of total African production, palm-kernel output was about 125,000 tons compared with 140,000 tons a year earlier. Much of the decline in palm kernel oil production is probably accounted for by reduced collections of kernels by Africans from wild palms. Production in Indonesia and Malaya increased appreciably, but production in South-East Asia due to the very nature of the fruit^{1/} is negligible compared with the overall world production. As a producer of almost 90 per cent of world palm kernels, Africa also holds a predominant position as an exporter, and any reduction in output invariably affects availabilities of the oil on world markets.

World exports of palm kernels and oils were slightly smaller in 1961 than in 1960 due to reduced shipments from the Congo (Leopoldville) and Dahomey. In the case of Nigeria, it should be noted that up to September 1960, trade figures for Western Cameroun were included in those of Nigeria. The decline in Nigerian exports is therefore partly statistical, accounted for by the exclusion of West Cameroun shipments^{2/}. Palm kernel exports in the early months of 1962 were rather higher than in the same period of 1961. Notable were increases in shipments from Sierra Leone, Nigeria and Togo. But since on the other hand palm kernel oil exports

1/ An important difference between the semi-wild African palm and the cultivated ones in Asia is that the fruit of the former has a much higher proportion of kernel or pericarp; thus although palm oil production in Indonesia and Malaya might be quite substantial, the kernel is usually small.

2/ It has been estimated that West Cameroun exported some 5,000 tons of palm kernel in 1961.

Source: Tropical Products Quarterly, (Commonwealth Economic Committee), June 1962.

from the Congo were greatly reduced combined net trade in kernels and oils showed virtually no change.

Consumption of palm kernel oil in 1961 was affected by the increased availabilities of other lauric-acid oils, notably coconut oil from South-East Asia and the reduced production of margarine which provides the main outlet for lauric-acid oils. In all these uses palm kernel oil competes with coconut oil, palm oil and to some extent with other "soft" oils. The production of almost all these oils is known to have increased in 1961 and they therefore affected the consumption of palm kernel oil. Furthermore, the continued weakening of the prices of whale and other marine oils improved their competitive position in relation to other oils including palm kernel oil. Prices of palm kernels and oil fell again in 1961 due to increased production of other lauric-acid oils in Ceylon, Malaya, Indonesia and in other South Pacific Islands. Production of coconut oil in the main producing area - Philippines, fell in 1961 but this did not altogether offset the increased shipments from other areas.

TABLE A.

Annual prices of palm kernel oil at European ports^{1/} 1957-1961

(Prices in US cents per kg.)

1957	1958	1959	1960	1961
25.7	28.6	34.3	30.5	23.6

Monthly prices of palm kernel oil at European ports^{1/} 1961-1962

(Prices in US cents per kg.)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
1961	25.0	25.7	25.2	24.7	24.3	22.9	22.9	23.4	23.0	22.1
1962	22.6	23.1	22.8	23.0	22.9	21.8	21.0	21.4	21.2	23.1

^{1/} Congo (Leopoldville), 6-8 per cent, nearest forward shipment, c.i.f. Antwerp.

Source: FAO Monthly Bulletin of Agricultural Economics and Statistics
October 1962.

Influenced by the general rise in price of all oils during the first half of 1961, the price of Congo oil, nearest forward shipment, Antwerp, rose during this period and averaged US 25.3 cents per kg. in the first quarter of the year. After mid-1961, however, prices weakened and reached the very low level of US 21.6 cents per kg. in the last two months of the year. Various factors contributed to this spectacular fall in prices. During the period of relative scarcity, marine oils (whale and fish) had been substituted for lauric acid oils and in 1961, prices of both whale and fish oils were lower and there was the incentive to use marine oils in producing margarine. On the other hand, the increased availabilities of coconut oil from Asia caused a fall in the prices of all lauric-acid oils. Throughout the year, the price relationship between coconut and palm kernel oil, which is a major competitor, had become favourable to coconut oil. Further, the increased output of butter in Western Europe, the principal consuming area of palm kernel oil, forced down the import demand of this oil.

At the beginning of 1962, prices of palm kernel oils strengthened, due to decreased availabilities on the world market in relation to some edible oils. This upward trend continued until April when prices moved up somewhat as a result of the reduction in Philippine supplies of coconut oil. After this period of relative stability, the market weakened as a result of increased supplies of coconut oil and the price reached its lowest level of US 21.0 cents per kg. in July. A steady recovery developed due to the apparent reduction in export supplies of other lauric-acid oils and by October the price rose to US 23.1 cents per kg.

The future level of prices will not only depend on the production of coconut oil but will be heavily influenced by the increased production of marine oils. The acquisition of fishing vessels by Peru and other Latin American countries is bound to increase the output of marine oils which are now competing keenly with lauric-acid oils. Copra production in South-East Asia, especially in the Philippines, will (barring unfavourable weather conditions) step up the shipments of coconut oil from this area.

A third important factor is the production of butter in Western Europe. Since butter competes actively with margarine and is better preferred to the latter, any increase in production will automatically curtail the consumption of margarine, the main outlet for palm kernel oil.

To African countries, all these developments mean a continuing low prices for their oil and decrease in their purchasing power. Palm kernels constitute a significant part of the export trade of certain West African countries, notably Nigeria, Sierra Leone and Dahomey. Although the Congo (Leopoldville) is a larger exporter, particularly of oil, palm kernels and oil do not make up a very large part of total trade of the country. The following table illustrates how far the four major African producers depend on incomes from palm kernels as a source of national revenue. Detailed figures for 1961 are not available, but this proportion could not have altered much.

TABLE A.III. 14

Relative value of exports of palm kernels to total exports

Country		1958	1959	1960
Nigeria	(1)	131.8	159.4	158.9
(£N. million)	(2)	20.5	26.0	25.1
	(3)	15.6	16.2	15.8
Sierra Leone	(1)	16.2	16.4	25.9
(£ million)	(2)	2.4	3.2	2.9
	(3)	14.8	19.4	11.2
Congo (Leopoldville) ^{a/}	(1)	20,670	24,788	16,885 ^{b/}
(million francs)	(2)	912	1,189	916 ^{b/}
	(3)	4.4	4.8	5.4
Dahomey	(1)	3,371	2,409	4,513
(million francs CFA)	(2)	1,665	1,479	2,177
	(3)	49.4	61.3	48.2

- (1) Exports of domestic produce
- (2) Exports of palm kernels
- (3) Percentage of palm kernel exports to total domestic exports.

^{a/} Includes palm kernel oil.

^{b/} Excludes Katanga and South Kasai in July-December.

Source: Commonwealth Economic Committee - Vegetable oils and oilseeds, 1962.

significant. In recent years, the dominant feature in the hardwood markets has been the remarkable increase in exports of tropical hardwoods especially of logs. In 1961, however, this upward trend was reversed due to a substantial drop in European imports of tropical logs. The weight of stocks carried by the hardwood trade was one of the major factors that depressed the market, since suppliers found buyers to be very selective. Further, the uncertain outlook for their disposal, the falling prices especially from mid-1961 caused importers to hesitate over new purchases. A third major factor was the disruption in exports from Ghana after the nationalization of the export of all hardwood logs in September 1961. The latter development forced down Ghana's export of hardwood logs to Europe by 26.3 per cent to 730,000 cubic metres in 1961. The functions of the former Timber Marketing Board have however been absorbed by the Agricultural Produce Marketing Board, whose activities will not include sawnwood exports^{1/}. The Board has further agreed to honour all agreements between the defunct Timber Marketing Board and timber producers in the country so that there should be no further disruption in trade than already exists.

^{1/} The Board will make a levy on logs converted in Ghana into sawnwood, veneers and plywood intended for export.

TABLE A.III. 16

African Exports of Hardwoods (Logs and Sawnwood) to Europe - 1960-61

(In thousand cubic metres)

	Hardwood Logs				Sawn Hardwood			
	Total		Of which to Europe		Total		Of which to Europe	
	1960	1961	1960	1961	1960	1961	1960	1961
Angola	83	..	73	..	13	..	11	..
Cameroun	144	151	124	136	11	..	10	..
Central African Republic	11	..	4	..	4	..	1	..
Congo (Brazzaville)	335	321	299	287	14	11	7	7
Congo (Leopoldville)	97	80	95	80	57	37	37	34
Rhodesia and Nyasaland	-	-	-	-	13	18	-	3
Gabon	1205	..	1146	..	8	..	6	..
Ghana	1042	775	990	730	236	246	183	202
Ivory Coast	848	1019	740	..	33	39	..	..
Mozambique	-	-	-	-	78	..	22	..
Nigeria	622	575	613	571	60	62	49	48
Tanganyika	2	2	1	1	19	19	7	5

Source: Economic Commission for Europe: Timber Committee 20th session; Market Review and Prospects - Sawn softwood, hardwoods, pulpwood and pitprops.

Available data relating to the import of tropical hardwoods into the main European importing countries during the first half of 1962 indicate a continued fall in imports. The following table shows a heavy fall in imports of logs from Ghana in January-June 1962 which has only been compensated by imports from Cameroun, the Ivory Coast and Gabon. Exports of sawnwood from Ghana have, however, risen by 10 per cent, compared with a fall of 42 per cent in log exports.

TABLE A.III. 17

Imports by Seven European Countries^{1/} of Broadleaved logs
and Sawnwood from Selected African Countries

January - June 1961-1962

(Thousand Cubic Metres)

	Hardwood Logs			Sawn Hardwood		
	1961	1962	% Change	1961	1962	% Change
Congo (Brazzaville)	89.0	86.5	-3	1.3	2.1	+62
Congo (Leopoldville)	30.3	28.1	-7	16.8	15.7	- 7
Cameroun - Ivory Coast	409.3	456.5	+12	12.3	17.9	+46
Gabon	333.3	426.5	+28	0.9	1.7	+89
Ghana	268.1	154.5	+42	84.4	92.8	+10
Nigeria	254.4	214.1	-16	22.9	25.4	+11

^{1/} The seven European countries are Belgium-Luxemburg, Denmark, France, Western Germany, Italy, the Netherlands and the United Kingdom.

Source: Economic Commission for Europe Timber Committee 20th session, Market Review and Prospects - Sawn softwood, hardwoods, pulpwood and pitprops.

A significant feature of these developments is the tremendous increase in the export of sawn hardwood from all the major exporting countries in Africa. Worthy of mention is the substantial increase from Gabon which has almost doubled from the first half of 1961 to the corresponding period in 1962. The overall picture, however, depicts a slackening of European demand for tropical hardwood in 1962 and recent developments in Ghana (mentioned above), have not helped to improve the situation.

These developments in Africa and the abundance of hardwood stocks in Europe in 1961 contributed to the worsening of price levels which had been relatively high in the previous year. In European importing countries resale prices during the first half of 1961 varied only within narrow limits; they showed a weaker trend towards the end of the year resulting in accumulation of stocks particularly of West African timber such as limba, mahogany, sapele, obeche and abura. This was the situation especially in the United Kingdom where the price of abura fell from 9/- per cubic foot in June to 8/9d. per cubic foot in December 1961. Other species such as obeche suffered similar declines. In other European countries, the situation was one of ample supplies facing reduced demand thus resulting in price decreases.

Nor did the situation improve in the first half of 1962 when the prices of African logs either remained the same as in the second half of 1961 or continued to weaken. In the United Kingdom the minimum price for obeche dropped from 11/6d. per cubic foot in June 1961 to 10/6d. per cubic foot during the same period of 1962. Lower prices for okoume has been reported in France and decreased prices have ruled the markets for wawa, limba, mahogany, abura and utile in most importing countries especially in Belgium, Western Germany and the Netherlands.

The development of sawnwood prices have in general followed similar lines to that for logs, but the fluctuations in prices of the former have been less marked, so that when log prices were falling, those for sawnwood were also falling but less steeply. In both 1961 and early 1962 the prices of sawnwood weakened appreciably due to the large stocks in Europe brought

forward in previous years and to the higher output in Africa. On the average prices in 1962 have continued the downward trend. For example, mahogany (S/E Prime Ghana) has been reduced from 25/9d. per cubic foot in June 1961 to 23/- per cubic foot in June 1962 in the United Kingdom, and the prices of sapele and utile have also fallen. On the other hand demand for iroke and afrormosia in Europe has been sufficient to maintain their prices.

By mid-1962, the fall in the prices of African hardwood logs and sawnwood appeared to have come to an end. Two factors contributed to this improved situation. Firstly European stocks had been reduced especially in the United Kingdom and secondly, the exceptionally heavy rains in West Africa during mid-1962 helped to stabilize prices by slowing down the transport of logs to the ports resulting in reduced availabilities for conversion or export.

The future price levels will be determined by consumption both domestic and in Europe and increased availabilities of the proper species. For the present the statistical balance between production, trade, stocks and consumption appears such that the market is now in a position to deal with developments through 1963 without any major upheavals.

As has been pointed out earlier the sustained yield of wood, especially of the right species in the long-run will call for proper forest utilization and careful planning. At present a good example of forest development in Africa comes from Gabon where to maintain future supplies of okoume at present levels, it has been necessary to carry out a planting programme. Okoume plantations are being carried out at the rate of 2,000 hectares per year, based on a target yield of 300 tons per hectare a year in a sixty-year rotation which would provide 600,000 tons of okoume annually. Another example of possible yields comes from Liberia where the National Forest Service after careful planning has made estimates that the volume of merchantile wood of the primary and secondary forests has increased to 4,000 board feet per acre (56 cubic metres per hectare). Similar steps necessary to ensure the long-term exploitation and export of wood products are being

TABLE A.III. 18

International Prices of African Broadleaved Logs in Selected Countries

(June and December 1959-1962)

	FRANCE ^{1/}			NETHERLANDS			UNITED KINGDOM			
	(NF. per cu. metre)						(shillings per cu. ft)			
	Okoume	Obeche	Iroko	Okoume \$per ton 2/	Limba \$per m. 3/	Obeche \$per ton 4/	Obeche 5/	Abura 6/	Mahogany 7/	Utile 8/
1959-Dec.	170-190	162-173	275-295	57.10	55	14.1/2	10/-13/-	10/-	15/-	14/9
1960-June	178-200	185-195	305-315	57.10	61	16.1/2	10/9-13/-	9/9	16/-	16/9
-Dec.	195-220	200-220	315-335	63.75	62	17.1/2	11/5-13/3	9/6	16/5	16/10
1961-June	200-220	215-230	320-340	63.75	61	16.1/2	11/6-13/6	9/-	15/9	19/3
-Dec.	..	..	..	..	60	16.1/2	11/-13/6	8/9	16/9	19/3
1962-June	..	..	..	..	60	16.1/2	10/6-13/6	8/6	16/9	19/3

- 1/ Veneer logs quality, fine joinery and cabinet wood; import price, wagon departure French port.
- 2/ Gabon, f.o.b., second quality; diameter about 60 cm. and up; length about 4m. and up.
- 3/ Congo; from Boma, Matadi and Pointe Noire; c.i.f., diameter about 60 cm. and up, length about 4m and up, mostly 5m.
- 4/ Nigeria; from Sapele, Lagos, f.o.b.; diameter about 24 ins. length about 12 ft. and up.
- 5/ Ex. yard or wharf, 24 ins. and up middle diameter, 12 ft. and up long.
- 6/ Ex. yard, 18 ins. and up top diameter, 12 ft. and up long.
- 7/ Ghana hardwood, ex-UK yard or wharf 23 ins. and up, 12 ft. and up.
- 8/ Exclusive of sawing, ex-UK mill.

Source: Timber Bulletin for Europe Production, Trade and price statistics, Vol. XV; No. 2, 1962.

devised by most West African countries and they will eventually have repercussions on the quantity, quality and species content of hardwood exports to Europe.

Recent developments also indicate that the time is approaching when European importers will have to accept a greater proportion of their supplies from Africa in the form of semi-manufactured products - sawnwood, plywood, veneers - and less of roundwood, as policies of developing wood-processing industries in Africa progress. These are, of course, long-term tendencies and not of immediate concern to the trade.

13. Copper: Outside the centrally planned economies, world production of primary copper increased by 3 per cent between 1960 and 1961. This was a much slower rate of growth when compared with an increase of about 9 per cent in the previous year. The decrease was mainly due to the voluntary cuts announced by the major producers in Africa, North and Latin America to arrest the downward movement in prices which began in the middle of 1960. The expansion in production was shared by all major producing countries except Australia and the Congo (Leopoldville).

TABLE A.III. 19

African Production of Copper 1957-1961

(in thousand tons)

	1957	1958	1959	1960	1961
Fed. of Rhodesia and Nyasaland ^{1/}	466	419	606	640	643
Congo (Leopoldville) ^{2/}	242	238	282	300	295
Republic of South Africa ^{2/}	46	49	50	48	52
Rest of Africa ^{2/3/}	41	44	44	..	..

^{1/} Source: National Publications.

^{2/} Source: Monthly Bulletin of Statistics, August, 1962.

^{3/} Includes Algeria, Angola, Morocco, South-West Africa, Tanganyika and Uganda.

In the Federation of Rhodesia and Nyasaland, which produces about 14 per cent^{1/} of total world production of copper, production remained virtually at about the same level as in the previous year. The production of copper electrolytic, which constitutes about 80 per cent of total production in the federation, increased substantially but this was partially offset by a fall in the production of copper blister. In the Congo (Leopoldville), production declined by five thousand tons to 295,000 tons in 1961. The unsettled political situation in the country and voluntary cuts announced by the mining company - Union Miniere du Haut Katanga were the contributing factors leading to this fall off in production. Appreciable gains in production were made in the Republic of South Africa after a decline in the previous year. Altogether production in Africa was maintained at about the same level as in 1960.

Total world consumption of copper increased by 8 per cent from 1959 to 1960 and by 7 per cent in the first nine months of 1961^{2/}. Consumption in Western Europe increased by 6 per cent despite a decline in the United Kingdom. In Japan consumption rose by as much as 23 per cent. In North America there was a 5 per cent rise in copper absorption during the first nine months of 1961, reflecting a 17 per cent expansion in Canada and a 4 per cent expansion in the United States. A full year comparison indicates an increase of about 7 per cent in the United States. Most of the increment originated in Australia, Congo (Leopoldville) and Peru, but a substantial tonnage also came from the United States, a net exporter for the first time since the war. The increase in production caused a drop in stocks in the hands of producers by about 60,000 tons by December 1961. The decrease occurred mainly in the United States largely as a result of a reduction in imports of unwrought metal chiefly from the United Kingdom.

The average price of copper at the London Metal Exchange in 1961 was £230 per ton; £16 lower than in the previous year. The range between the

1/ Source: Federation of Rhodesia and Nyasaland - Economic Report 1962.

2/ Source: Thirty-fourth session of the Commission on International Commodity Trade - Report to the Economic and Social Council.

lowest and the highest daily copper prices during the year was only £32 a ton,^{1/} the smallest range since the London Metal Exchange started operating in 1953. The unsettled political conditions in Rhodesia and Nyasaland, the troubled situation in Congo (Leopoldville) and the strikes in Chile, during which some 50,000 tons of copper were lost, had no appreciable effect on the price of copper, although these factors may well have prevented prices from falling lower.

Influenced by the expectation that the balance between supply and demand would improve as a result of cutbacks in production of commercial supplies and a decrease in stocks held by the London Metal Exchange, prices on the exchange rose during the first part of 1961. From February prices rose erratically and reached their highest level towards the end of May. In May the price at the London Metal Exchange stood at £242 per ton and in Canada reached a high level of 29.3 cents per lb. Similar trends were noticed in the United States where the export price f.o.b. refinery, New York rose to US 29.5 cents per pound.

Thereafter, however, prices dropped and the price at the London Metal Exchange reached £229 per ton in September, the lowest since May 1961. In the United States voluntary production restraints were partly removed after May, and prices reduced by about 5 per cent. The export price reached a low level of US 27.9 cents per pound in October 1961^{2/}. After September, prices steadied, due to the possibilities of further strikes and the worsening of events in Congo (Leopoldville).

1/ With the United States recovery under way, producer stocks outside the United States tended to stabilize and this forced London prices to move within very narrow limits.

2/ In the US the domestic price, f.o.b. refinery New York showed less erratic movements. Prices which had dropped by 9 per cent in October, 1960 and by a further 3 per cent in January 1961 were raised by 6 per cent in May and held at that level for the remainder of the year.

Source: Commission on international trade, 34th session.

Prices of copper in most international markets have been steadied during the first part of 1962. In London the prices at the London Metal Exchange have been pegged at £234 per ton since April, and the domestic and export prices in New York have remained at US 30.6 cents per pound and at around US 28.6 cents per pound respectively during the year. This is due primarily to the policy of producers to underpin copper at £234 a ton in spite of the widespread view among dealers that this support will have to be withdrawn. Producers have been successful in doing this partly because of the cutbacks in production instituted^{1/} and partly because of the policy of producers to purchase their own copper whenever the price fell to lower levels^{2/}.

It appears that producers are taking up considerably more copper than they would wish, since consumption of copper in Britain has been lagging during the year. Figures released by the United States Copper Institute indicate that stocks of refined metal were 63,000 tons higher in July than in June when they stood at 362,000 tons. The offtake seems to be generally poor in most large consuming countries outside the United States and even within the United States where consumption is strongest, the price on the New York Market (which is normally higher than in London because of the US 1.7 cents a pound import duty on imported copper) has sunk below prices for the first time since early 1961.

The future price trend depends on further increases in consumption since it appears that producers cannot continue to support the price at the current level indefinitely. Producers appear to have been willing

- 1/ Between October and February 1961 a number of leading producers cut marketed supplies of copper by about 10 per cent with a view to strengthening the market. In July, 1962, the big African copper producers made a further cut of 5 per cent in production or sales. During the same period, Noranda, the Canadian producers also followed with a similar 5 per cent cut.

Source: The Economist, July 7, 1962.

- 2/ In October 1961, when the price of copper fell to £220 per ton, it was strongly defended by the Rhodesian Selection Trust which bought several thousands of tons of metal. The price bounced back to £230 a ton, its average level for a large part of 1961.

to support the market at the current levels on the basis that much less support will be needed in the future. Their calculations are likely to be right but there is always the prospect that industrial activity will slow up in the major industrial centres - labour troubles which are always unpredictable, may contribute towards pinning prices at their current levels.

TABLE A.III. 20

Wholesale prices of copper in selected countries,
1957-1961, Monthly 1961 and 1962.

	Belgium	Canada	United Kingdom	United States	
	Fr. per kg. 1/	cts. per lb. 2/	£ per long ton 3/	Cents per lb. 4/	Cents per lb. 5/
1957	31.2	28.9	219	29.6	27.2
1958	27.8	25.4	197	25.8	24.1
1959	32.8	29.6	238	31.2	28.9
1960	33.8	30.2	246	32.1	29.9
1961	31.8	29.2	230	29.9	27.9
1961-January	30.3	28.0	220	29.1	26.7
February	31.3	27.5	224	28.6	27.0
March	31.0	27.5	225	28.6	27.3
April	31.8	27.5	229	28.6	27.8
May	33.8	29.3	242	30.8	29.5
June	33.6	30.0	236	30.6	28.7
July	31.8	30.0	230	30.6	27.9
August	31.8	30.0	231	30.6	28.1
1962-January	32.0	30.0	230	30.6	28.1
February	32.2	30.0	235	30.6	28.6
March	32.2	30.0	235	30.6	28.6
April	32.2	30.2	234	30.6	28.6
May	32.2	30.9	234	30.6	28.5
June	32.2	31.5	234	30.6	28.6
July	..	31.5	234	30.6	28.6
August	..	31.5	234	30.6	28.6

Source: Monthly Bulletin of Statistics, October 1962.

- 1/ Domestic price ex-works, electrolytic.
- 2/ Domestic price delivered Montreal or Toronto, carlots, electrolytic.
- 3/ Domestic/import price, standard electrolytic wirebars, spot price ex-warehouse, London.
- 4/ Domestic price f.o.b. refinery New York, electrolytic wirebars and ingots.
- 5/ Export price f.o.b. refinery New York, electrolytic wirebars and ingots.

14. Aluminium: Total world production of aluminium outside the centrally planned economies, which had increased by 11 per cent in 1960 was reduced by 2 per cent between 1960 and 1961. The decline was concentrated solely in North America while in the other principal producing countries increases in output were recorded. In Western Europe and Japan production continued to expand though at a markedly smaller rate. The increase in output in Western Europe was due to additional capacity which had been created in the course of 1961. In the United States, although aluminium capacity had been raised in 1960 and 1961, operating rates were reduced and production was 5 per cent lower in 1961^{1/}.

These developments have considerable influence on the production of bauxite in Africa especially in West Africa where considerable deposits are known to exist. Since aluminium is ultimately derived from bauxite which is the basic raw material any increase in either production or consumption of aluminium affects both the supply and demand of bauxite. Production of bauxite in Africa is determined not so much by the availability of capital (which is in itself a problem) but primarily by the abundance of aluminium on the world market.

The current consumption of aluminium is increasing slightly but it still falls short of total production. World consumption of aluminium excluding the centrally planned economies after remaining unchanged between 1959 and 1960 increased by 3 per cent from the first nine months of 1960 to the corresponding period in 1961. The increase took place despite a fall in consumption of 7 per cent in Western Europe, following an expansion of nearly 25 per cent in 1960. The decrease in 1961 was due mainly to

1/ In North America as a whole demand did not justify working more than about three-fourths of the refinery capacity.

Source: Commodity Survey, 1961.

a sharp contraction in the United Kingdom^{1/} and reduced absorption in a majority of countries including the Federal Republic of Germany and France. In the United States, however, the marked recovery in industrial production induced an increase of 11 per cent in the first nine months of 1961.

The fall in the consumption of aluminium led to a definite decline in trade of aluminium in 1960/61 compared with the previous year. The decline was the result of the falling off in industrial absorption and further increase in domestic smelter capacity. The sharpest reduction was in imports from the United States, though imports from Canada likewise remained low.

Faced with a weakening of the market situation in Western Europe and a substantial under-utilization of capacity, aluminium prices, which had remained fairly high during the first part of 1961 weakened after mid-year. In the past changes in the price of aluminium have been rare since the number of large producers is small and they have usually adopted a policy of price stabilization. Since mid-1961, however, the market was influenced by greater competition for outlets, keener prices for aluminium products and less apparent enthusiasm for the development of the vast bauxite deposit in West Africa.

Despite its inflexible pricing structure, prices of aluminium dropped during the latter part of 1961. In September, Aluminium Ltd., of Canada, normally the price leader in the western world, announced its willingness to sell primary metal to the United States consumers at the equivalent of US 25 cents c.i.f.^{2/} This was about US 1 cent below the price quoted

^{1/} In the first eight months of 1961, deliveries of aluminium in Britain were about a sixth lower than a year earlier, but because aluminium scrap is an important source of metal and supplies hardly taper off while prices of virgin metals are maintained, nearly all of the fall occurred in the deliveries of primary aluminium which contracted by 53,000 to 193,000 tons.

Source: The Economist, November 8, 1961.

^{2/} The confusion seems to have been generated by the friction that followed the re-alignment of the two North American dollars.

by the United States producers and the result was a cut of US 2 cents initiated by the Aluminium Company of America and was later followed by other major producers. The ripples from the disturbance were not allowed to spread to Europe where prices remained firm, though some customers did hold off for some time in expectation of a price reduction. The price in Britain was £186 per ton although in Norway it fell down to Kr. 3.40 per kilogram in October.

TABLE A.III. 21

Wholesale price of aluminium in selected countries1957-1961; monthly 1960-1961

	Norway Kr. per kg. 1/	United Kingdom £ per long ton 2/	United States cents per lb. 3/
1957	3.91	197	27.5
1958	3.68	184	26.9
1959	3.43	180	26.8
1960	3.53	186	27.2
1961	3.52	186	25.5
1961 - January	3.50	186	26.0
February	3.50	186	26.0
March	3.62	186	26.0
April	3.45	186	26.0
May	3.56	186	26.0
June	3.60	186	26.0
1962 - January	3.32	186	24.0
February	3.43	183	24.0
March	3.45	180	24.0
April	3.36	180	24.0
May	3.36	180	24.0
June	3.48	180	24.0
July	3.47	180	24.0
August	..	180	24.0

Source: Monthly Bulletin of Statistics, September, 1962.

1/ Export unit value f.o.b.

2/ Domestic import price delivered consumer's works, virgin ingots 99.5 per cent minimum purity.

3/ Domestic price delivered to consumers purity 99 per cent plus, domestic or imported ingot.

In the first weeks of 1962, Aluminium Ltd., of Canada, followed its price-cutting policy by reducing the export price for aluminium ingot by £6 to £180 per ton^{1/}. These changes were made primarily to test consumers' reactions and since they proved favourable British Aluminium followed them up with further cuts. At the same time differentials based on quality and standardization have been widened. Since these cuts were made prices have been maintained at their current levels of £180 per ton in the United Kingdom and US 24.0 cents in the United States. Prices are likely to remain at these levels except if further cuts are made by the giant Aluminium Ltd., of Canada, a move which appears to be somewhat unlikely. Consumption appears to be increasing and in the United Kingdom orders have increased since the first cuts were made and plants owned by the British Aluminium are now working at full capacity. Since the price of steel, the main competing metal, has been raised these cuts should bring at least some short term relief into the aluminium market as well as speed up the penetration of aluminium into other markets. Expansion in the use of aluminium has not, however, lived up to earlier expectations. For instance, snags have arisen in its use for cylinder blocks in motors and a fall in the price of competing metals will make it harder to dislodge them from some uses.

^{1/} This was not, however, the price cutting policy that could win big markets and by mid-February, fabricators had not decided to pass on this 3 1/4 per cent reduction to consumers.

Source: The Economist, February 17, 1962.