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INTRA-AFRICAN TRADE IN LOCAL PRODUCE

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Since immemorial times most parts of Africa have known an intense commercial activity in locally produced foodstuffs, raw materials and sometimes handicrafts. This interchange of local produce was mainly the result of contrasting natural conditions, for instance in the case of trade between the forest belt and the savanna area, but there has also been frequently a conscious effort of specialization in activities as drying and smoking of fish, growing onions or making baskets.

Until recently, this type of exchange was not considered as "foreign trade", since it was carried out exactly in the same way when it crossed a political boundary as when it did not. Traders were generally accompanying their goods in lorries or on the hoof and tried to buy something in exchange even if it was not a straight barter operation.

Although the trading methods have hardly changed, it becomes less and less possible to distinguish trade in local produce from genuine "foreign trade" when it in fact crosses political boundaries. The reasons for this change are partly political, partly economic and partly technical.

The political reason is the assertion of sovereignty by a great number of new states that previously belonged to colonial federations and customs unions. This is the case for former French West Africa, former Belgian Congo and Ruanda-Urundi and may also occur in former British East Africa and in the Federation of Rhodesia and Nyasaland.

The assertion of political boundaries in itself does not need to create any obstacle to trade in local produce. However, in a situation where several landlocked countries (Mali, Upper Volta, Niger, Chad, Burundi and Rwanda) depend quite heavily on their exports of local produce, the governments can be easily tempted into controlling and taxing this source of income. Similarly, some of the main importing countries may also consider to raise revenue on this category of imports.

Finally, the technical reason is linked with the establishment of inland customs boundaries[1] by most African countries. This in itself would not matter as local produce is mostly exempted from duties[2]. However, as we have seen, traditional traders in order to operate effectively have to carry return freight, frequently consisting of imported manufactures bought from importers or, more generally, wholesale traders. These goods would be subjected to a second payment of duties upon entry in the land-locked country. This of course could constitute a considerable obstacle to trade in local produce as would the establishment of exchange controls by any of the principal countries engaged in this trade.

Once these changes in the position of trade in local produce are recognized, there are several attitudes that the interested governments can take:

(a) An extreme attitude is to consider traditional trade as obsolete and to oblige traders in local produce to behave as modern import-export firms in respect to customs, foreign exchange control, etc.;

(b) Another extreme is to grant traditional traders, de jure or de facto a special position with regards to customs and foreign exchange control, not only as far as local produce is concerned, but also in the connected activities;

(c) A technically satisfactory solution is the maintenance or the creation of customs unions or of free trade areas with some arrangements that avoid the double taxation of manufactured imports. Among the former colonial customs unions such arrangements are still operating in former British East Africa and in the Equatorial Customs Union. In the West African Customs Union, the principle of free circulation of local produce is maintained, but the operation of refunds on imported manufactures still seems to raise technical problems. Finally, the arrangements between Ghana and the Upper Volta were essentially designed to cope with the

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1/ Cf. Problems of Customs Administration in West Africa, E/CN.14/STC-WPCA-1

2/ In many English-speaking countries, the exemption is written in the tariff. In some French-speaking countries it operates through tolerances.

problem of a vast and almost essentially unilateral flow of trade in a local produce (cattle)[1].

(d) When trade in local produce is not very much unbalanced and especially when both countries have access to the sea, bilateral agreements establishing a sort of a free trade area in local produce can be quite appropriate. This happened for instance between Cameroun and former French Equatorial Africa and contributed much towards establishing closer trade links between the two areas. More recently, the agreement between Senegal and Guinea established free trade for a limited number of commodities on both sides (groundnuts against bananas, citrus fruit and pineapples);

(e) One could envisage an extension of bilateral arrangements into a multilateral instrument on a subregional basis. It would seem however, that such an instrument would have only a limited value if it consisted simply of acceptance of free trade for local produce. In order to create the bases for free trade in local produce, it would be necessary to design arrangements in the fields of customs, foreign exchange and transports which would enable traditional traders not only to carry out their activities in an efficient and useful way, but also to adopt gradually more modern trading techniques.

It is quite intentionally that this note does not contain a survey of trade in local produce in Africa. A considerable wealth of scattered and unsystematic information exists on this subject which tends to indicate that its importance varies from one subregion to another. Thus, both the size of trade flows in local produce and the problems raised by them are most important in West Africa, because of the variety of natural conditions and the considerable political fragmentation. In East Africa, the intensity of the flows is also quite considerable, but the problems raised by them are perhaps less acute because of the continuing customs union between

1/ There are some cola nuts traded in the other direction, but their values is less than one-seventh of that of cattle imports (cf. E/CN.14/STC/2 P. 46).

Uganda, Kenya and Tanganyika and the loose controls that exist along the eastern border of the Congo as well as along the borders of Burundi and Rwanda. Finally, in North Africa, the problem is that of a series of bilateral relations, some of which were disrupted by the Algerian war.

If the Standing Trade Committee so desires, it may be possible to organize working parties, for any or for each subregion, in order to devise the practical arrangements and possibly the multilateratateral instrument mentioned in (e) above. Such working parties should review the existing flows of trade in local produce and evaluate the prospects of their expansion before making their recommendations. It may also be useful to get the advise or even the participation of members of the trading community.

If the organization of such Working Parties is agreed upon, the Standing Trade Committee may consider it useful to give some directives concerning the scope of products to be covered by an eventual arrangement. It appears that in all the three subregions mentioned above, there is already some trade in wholly locally produced manufactures, many of which are easily identifiable as such and do not therefore raise any serious problem of origin. Under these circumstances it may be possible to instruct the Working Parties to explore the possibilities of widening the scope of the products and also to elaborate procedures, bilateral or multilateral, through which processed and semi-processed goods of established or new industries[1/] could be ensured free circulation in the sub-regions.

It is necessary to emphasize that the Standing Trade Committee can only give a mandate in rather general terms. The elaboration of any arrangements would require very thorough preparatory work, both by the members of the Working Parties and by the secretariat in order to clarify a great number of difficult problems on the technical and the policy level.

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1/ As far as new industries are concerned, trade arrangements may become a very important instrument of specialization in the framework of sub-regional or all-African industrial programmes. These problems will be considered at the first meeting of the Standing Committee on Industry and Natural Resources of the ECA (Addis Ababa, 6-16 Dec. 1962).