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Lagos, Nigeria, 30 July - 7 August, 1962
Items 4 and 5 of the provisional agenda

NATIONAL PRICE STABILIZATION MEASURES IN DAHOMEY

(Paper submitted by the Government of Dahomey)

Note by the Secretariat:

This paper was submitted in response to a note by the Executive Secretary inviting participating Governments to contribute papers on the topics included in the provisional agenda.

NATIONAL PRICE STABILIZATION MEASURES

There is no export commodity price stabilization fund in Dahomey; the territory does however participate in an inter-territorial cotton fund and has recently set up a "Fonds de Soutien des Produits à l'Exportation" (Fund for the Support of Export Commodities).

A. CAISSE INTER ETATS DE STABILISATION DES PRIX DU COTON (INTER-STATES COTTON PRICE STABILIZATION FUND)

1. Establishment

A cotton price stabilization fund was established by a Convention dated 1 September 1959 between the Republics of Dahomey, the Ivory Coast, Mali, Niger and Upper Volta. This fund replaced the Caisse de stabilisation des prix du coton (Cotton Price Stabilization Fund) of the former French West African Federation, which had been set up in September 1955 and ceased to exist in law when the states acceded to independence.

The purpose of the new Inter-States fund is:

- as a priority measure, to guarantee producers a stable cotton purchase price and to cover, totally or partially, possible deficits of cotton seasons;
- the payment of crop premiums or of bonuses to producers;
- the execution of special direct action programmes for the development and improvement of cotton growing.

The resources of the Inter-States fund are derived from possible earnings from any interventions it might make on the cotton market and, in particular, from subsidies granted by the "Fonds de Soutien des textiles" (Textiles Support Fund) in France.

2. Measures applied since the establishment of the Inter-States Fund

Each year the Inter-States Fund guarantees fob season prices less producers' prices by applying a statutory scale.

For the 1959/1960 season, average weighted guaranteed prices were fixed at CFA frs. 144,773 fob per ton for ALLEN variety cotton and CFA frs. 125,158 fob for BARBADENSE variety cotton. Exports amounted to 1077 tons of fibre. The realized price for BARBADENSE was lower than the guaranteed price and a support of approximately CFA frs. 2 million had to be paid.

In 1960/1961 the average weighted guaranteed fob prices were CFA frs. 150,000 for ALLEN and CFA frs. 126,000 for BARBADENSE. The difference between these prices and the realized prices necessitated the payment of approximately CFA frs. 3 million in support of that season's exports, which amounted to 1,330 tons of fibre.

For the present - 1961/1962 - season, the average weighted guaranteed prices have been raised to 151,000 and 127,000 CFA francs fob.

3. Current policy and problems facing Dahomey with respect to cotton support

Dahomey's economy is based to a dangerous extent - in the proportion of 3/4 - on oilseeds. Our country is endeavouring to diversify its production and in particular to develop cotton growing, but the support afforded by the Inter-States fund does not give the peasant sufficient encouragement insofar as the BARBADENSE variety is concerned. On the other hand, there is a tendency for the cotton harvested near the Togo frontier to find its way to the neighbouring country where the price is slightly higher. To remedy this state of affairs Dahomey has tried to secure a slightly higher support price from the Caisse Inter-Etats, but the managing committee of that organization has not found it possible to adopt such a course. Consequently - as will be seen hereunder - we have had to have recourse to our own Fonds de Soutien National (National Support Fund).

4. Future prospects

These prospects depend not on Dahomey but on all the States participating in the Fund; in particular they are conditioned by assistance from the Fonds de Soutien des Textiles (Textiles Support Fund) in France, which will no doubt be maintained, but with limits.

The Caisse Inter-Etats (Inter-States Fund) is at present finalizing an additional support plan which would take the form of aid in kind to producers, such as: financing of phytosanitary measures, supply of technicians, etc. Implementation of the plan depends upon the reaction of the Fonds de Soutien des Textiles (Textiles Support Fund) in France, which seems favourable provided the cost does not exceed CFA frs. 5 per kilogramme of cotton fibre.

B. FONDS DE SOUTIEN DES PRODUITS A L'EXPORTATION

(Export Commodity Support Fund)

1. Motives

It became apparent that the relatively long-term consequences of Dahomey's accession to independence might be a reduction, or even an abolition, of the excess price enjoyed by most of its export commodities on the French market which in turn, as application of the economic provisions of the Common Market is extended, is obliged to come into line with world prices when purchasing raw materials.

A national organization enabling our country to bring its commodity prices progressively into line with those on the international market was therefore deemed essential.

2. Establishment of the "Fund"

A Fonds de Soutien des Produits à l'exportation (Export Commodity Support Fund) was therefore established by Decree No. 61-89/PR/MCET of 31 March 1961.

This "Fund" will be financed by professional subscriptions, resources, subsidies and miscellaneous earnings which may be used for the benefit of export commodities.

It guarantees the total or partial support of export commodity prices in cases where the cost of production, manufacture or transport are too high for the total production, or that part of it not guaranteed by an Inter-States Convention, to be disposed of at prices guaranteed by the Inter-States Conventions for the organization of markets, or sold at world prices.

As a subsidiary function the "Fund" may undertake any measures to further the production or improve the quality of export commodities.

3. Present functions

The Fund's resources are at present derived from lower professional subscriptions on the main export commodities and a parafiscal tax of frs. 5 on imported jute sacks.

For the time being one of its outlays is an additional local price support for BARBADENSE cotton. Based on the price fixed by the Inter-States Fund, the producer's price of this variety, which was in danger of being abandoned, has had to be raised (by CFA frs. 0.50 for first quality and CFA fr. 1 for second quality) to encourage growth and arrest clandestine traffic to Togo where better purchase conditions were offered.

In addition, this year the Fonds de Soutien (Support Fund) is financing the purchase of 40 tons of selected cotton seeds.

4. Proposed functions

It is estimated that copra will be supported to the order of frs. 2 per kilogramme to stop flights to Togo where transport costs are lower. Controlled exports are expected to rise by 1,000 tons following this measure.

5. Future prospects

These are governed by the following:

(a) 9/10ths of Dahomey's economy is based on agriculture, which conditions the living standards of almost the entire population, while a large part of the country's budget is derived from export taxes on an almost exclusively agricultural production;

(b) the main commodities, representing 3/4 of the value of exports, are overpaid:

Palm kernels	approx. frs.	1,000	per ton,	or	50,000	tons =	CFA frs.	50	million
Palm oil	"	"	5,000	"	"	or	8,000	tons =	" " 40 "
Groundnuts	"	"	2,000	"	"	or	12,000	tons =	" " 24 "
Cotton	"	"	2,500	"	"	or	1,000	tons =	" " 2.5 "
Coffee	"	"	50,000	"	"	or	2,000	tons =	" " 100 "

Total 216.5 million

(c) France is practically the only buyer of these commodities;

(d) a short-term lowering of the producer's price is not possible since he would no longer receive a fair remuneration enabling him, at the minimum, to maintain an already inadequate standard of living;

(e) Failing, or if necessary concurrently with, a revaluation of international prices, the more or less long-term solution lies in improved productivity and increased production. The aim of the prospective 20 year plan, the first phase

of which will last four years (1962 - 1965), is that at the end of the planned period greater quantities of export commodities should be placed on the international markets at competitive prices and that the peasants' standard of living should be doubled.

In view of these over-riding facts and until the "Plan" becomes effective, the producer price problem which will continue to face Dahomey for many years will be not the stabilization of export commodity prices with a view to offsetting short-term fluctuations but rather their support at a fair level of remuneration.^{1/}

In order to achieve economic independence, which must accompany political independence, the Fonds de Soutien National (National Support Fund) should have sufficiently large resources at its disposal (to the order of CFA frs. 200 million per year at present) to enable supported commodities to be sold on any market.

Levies on commodities may finance stabilization measures but not prolonged support. Our Support Fund's present system consists of assisting one or two commodities with income derived from others; it is viable only because its scope is very limited and because production as a whole benefits from appreciable outside assistance in the form of excess prices guaranteed by France.

Reason dictates that, if our commodity prices are to be supported, efforts should be made to find financing methods which rather than being entirely dependent on restricted trade relations with one country only are broadly based and as independent as possible of purchaser States. Dahomey therefore sincerely hopes that international and inter-regional organizations will be set up able to assist it:

^{1/} Palm kernels, the price of which is almost competitive, may depend on stabilization alone; but because of their volume, they would entail a financial burden which our "Fonds de Soutien" (Support Fund) would not be able to assume at present without assistance from international or inter-regional organizations.

Particularly by direct subsidies permitting the progressive adaptation of our agricultural products to world market conditions during the initial phase of the prospective 20 year Plan, i.e. for approximately five years. These subsidies should, if necessary and depending upon needs, amount to CFA frs. 200 million per year.

COFFEE PRODUCTION AND MARKETING

I. PRODUCTION

(a) Area planted: 4,500 hectares - yield per hectare = 380 kg.

Population engaged in production - 40,000 persons, 35,000 of whom work in the ALLADA region, which produces 3/4 of the coffee output. Imported income of the population engaged in production: approximately CFA frs. 180 million.

Investment, turnover of Associations engaged in coffee production: coffee is grown exclusively on family farms.

(b) Production situation from 1950 to 1961:

1950 = 310 tons	1956 = 1,300 tons
1951 = 720 "	1957 = 1,400 "
1952 = 440 "	1958 = 470 "
1953 = 760 "	1959 = 1,380 "
1954 = 550 "	1960 = 850 "
1955 = 950 "	1961 = 2,100 "

(c) Production forecast for the next seven years

1962 {	1965 {
1963 } 1,800 tons	1966 } 2,000 tons
1964 {	1967 }
	1968 }

In view of the short-term conjuncture for this commodity, no extension of coffee production is contemplated. Any improvements made will be in quality and productivity.

II. CONSUMPTION

- (a) Annual consumption since 1950: The population of Dahomey does not consume coffee;
- (b) Consumption forecasts for the next seven years: may be regarded as insignificant.

III. STOCK

Stock situation: Nil. The output is completely absorbed by France.

IV. EXPORTS

The same figures as those given for production, the whole of which is exported, there being no local consumption.

France (and to a small extent Algeria) is Dahomey's sole purchaser of coffee.

Terms of trade:

The fob prices are based on cif prices paid by France: at present NF 3.20 per kg., which gives an fob price of NF 2.92.

The place of coffee in our 1961 exports: 2.2% in tonnage, 7.7% in value.

V. PRICE

Production price	}	See attached differentials
Price unwrapped factory		
Fob price		
Fiscal taxes		
Cif price		

Local sale price to consumer: no local consumption.

VI. ESTIMATE OF EXCESS PRICES

Year	Franc export area	fob price franc area	1/ average price fob per kg. franc area	2/ fob price per kg. other countries	Excess price in CFA per kg.
1958	461	79,000,000	171	138	43
1959	1,373	187,000,000	136	88	48
1960	850	124,000,000	146	79	67
1961	2,080	276,000,000	132	69	63

- 1/ This average price all qualities applies to 9/10ths of the tonnage of "limite" (40 - 60%), "sons limite" (15%), and "trriages" coffee (15%).
- 2/ There are no exports to countries outside the francs area. The fob prices given in this column are those which would apply to the same qualities if exported to the USA.

VII. MEASURES GOVERNING MARKETING, PRICE SUPPORT OR STABILIZATION,
ASSISTANCE TO PRODUCERS

1. Local Measures

These measures are laid down by a Decree No. 62-17 of 20.1.62 organizing coffee marketing. The provisions in this text relating to support, stabilization and stock-piling can be applied only by a special order which will be issued only in case of need and in particular if the whole of Dahomey's exports could no longer be disposed of in the franc area. Such a situation would provoke export quotas and the intervention of our own "Fonds de Soutien" (Support Fund), provided it possessed the means, which at present it does not. External assistance would be necessary.

To prevent clandestine entries of coffee, which affected the 1960-1961 season, a Decree, No. 308 of 7 October 1961, prohibits the import of green coffee into Dahomey.

2. External measures

Dahomey is a member of international coffee organizations and benefits from their activities.

COFFEE SCALE (CURRENT)

1961 - 1962 SEASON

Coffee destination - Ton net (Metropolitan francs) 320,000

Overhead charges 1% on cif	3,200
Brokerage 0.50 on cif	1,600
Supervision and miscellaneous	500
Shifting and stowage	500
Shipping 13,300 - 7.5% = 997 = 12,303 x 1,017	12,512
Insurance 1.2% on cif + 5%	4,032
Wastage 1.5% on fob + insurance	4,436
Interest 1 month at 6% per annum on cif	1,600

fob	291,620
CFA	145,810

Transit and putting on board 700 x 1,017 + 8.44%	772
Wharfage 700 = 1,017	712
"Voirie" 80 x 1,014	81
Statistical tax 1% on 11,000	1,100
Exit tax 1% on valeur mercuriale (gazette price) 110,000	16,500
Packaging 0.50% on valeur mercuriale 110,000	500
Standard tax 6.42% x valeur mercuriale 124,000	7,961
Removal charge 1%	26
Support Fund	200

warehouse Dahomey	117,908
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Warehouse rent	150
Sacking	2,550
Interest	1,769
Handling	700
Wastage Africa	1,769
Fixed local overheads	1,200
Exporter's commission 2% on cif	3,000

exclusive of packing ex scale	11,338
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Purchaser's commission	106,570
	1,500

105,070

Or Producer's price frs. 105 Cotonou

COFFEE SCALE (Limited Quantity)

1961 - 1962 SEASON

Coffee destination - Ton net (Metropolitan francs)		300,000
Overhead charges 1% on cif	3,000	
Brokerage 0.50% on cif	1,500	
Supervision and miscellaneous (flat rate)	500	
Shifting and stowage	500	
Shipping 13,300 - 7.5% = 997 - 12,303 x 1,017 =	12,512	
Insurance 1.2% on cif + 5%	3,780	
Wastage 1.5% on fob + insurance	4,145	
Interest 1 month at 6% per annum on cif	1,500	
		<hr/>
	fob	272,563
	CFA	136,281,5
Transit and putting on board 700 x 1,017 + 8.44%	772	
Wharfage 700 + 1,017	712	
"Voire" 80 x 1,014	81	
Statistical tax 1% on 110,000	1,100	
Exit tax 15% on valeur mercuriale (gazetted price) 110,000	16,500	
Packaging 0.50% on valeur mercuriale 110,000	550	
Standard tax 6.42% x valeur mercuriale 124,000	7,961	
Removal credit 1%	30	
Support Fund	4,000	
		<hr/>
warehouse Dahomey	31,706	104,575
Warehouse rent	150	
Sacking 150 x 17	2,550	
Interest 3 months at 6% per annum on T.M.	1,569	
Handling and storage	700	
Wastage Africa 1.50%	1,569	
Fixed local overheads	1,200	
Exporters commission 2% on cif	3,000	
		<hr/>
exclusive of packing ex-scale Cotonou	93,837	93,837
Purchaser's commission	1,500	
		<hr/>
	92,337	
Or Producer's price frs. 92,500 Cotonou		

PRODUCTION AND MARKETING OF GROUNDNUTS

I. PRODUCTION

- (a) Area planted: 67,000 hectares.

Population engaged in production: 300,000 persons

Imported income of the population engaged in production : approximately CFA frs. 400 million.

Investments, turnover of associations engaged in production : production is entirely in the hands of individual families. There is no groundnut oil-crushing industry.

- (b) Production from 1950 to 1961 (tonnage, in shells)

1950 = 22,000 tons	1956 = 24,000 tons
1951 = 18,000 tons	1957 = 26,000 tons
1952 = 20,000 tons	1958 = 27,000 tons
1953 = 18,000 tons	1959 = 22,000 tons
1954 = 21,000 tons	1960 = 24,000 tons
1955 = 23,000 tons	1961 = 25,000 tons

- (c) Production forecasts for the next seven years:

Under the four-year plan the area planted should, between now and 1965, increase from 67,000 to 75,000 hectares. Similarly, output should rise from 400 to 500 K., and production in shells from 28,000 to 38,000 tons.

It is further anticipated that between 1965 and 1968 the area under seed will be increased by 2,000 hectares per year and that this will yield a further 1,000 tons per year thus bringing the production of groundnuts in shells to 42,000 tons.

II. CONSUMPTION

(a) Annual consumption since 1950.

It is estimated that annual consumption varies between 10,000 and 15,000 tons.

(b) Consumption forecasts for the following seven years:

Consumption should increase to approximately 18,000 tons.

III. STOCK: Nil

IV. EXPORT of shelled groundnuts.

Export situation from 1950 to 1961

1950 = 9,746	1956 = 12,177
1951 = 2,891	1957 = 14,156
1952 = 6,717	1958 = 15,617
1953 = 4,409	1959 = 3,621
1954 = 7,504	1960 = 15,406
1955 = 10,964	1961 = 12,522

detail, in areas, for the last two years:

Year	Franc Areas		Other EEC countries	Third countries	Total
	France	Algeria	Belgium	Morocco	Total
1960	14,470	636	200	100	15,406
1961	12,000	521			12,521

Place of groundnuts in our 1961 exports: 13.4% in tonnage, 15.4% in value.

Trade conditions

Cif value	NF 995,00 per ton
Fob value	CFA frs. 41,807 per ton
Producer's price	14,589 in shells at Bohicon

V. PRICE

Production price	See Decree No. 1/MCET/MAC of 3.1.62 attached
Price unwrapped	No factory
Fob price	CFA frs. 41,807 per ton
Fiscal taxes	See attached scale
Local sale price to consumer	Approximately frs. 60 per kg., shelled.

VI. ESTIMATE OF EXCESS PRICE

The bulk, if not the whole, of exports go to France which guarantees, under convention, each producer state in the franc area a certain tonnage of seed at a fixed price, slightly higher than the world price, for the season.

Factors tending to raise or lower prices, such as degree of acidity, humidity oil content, do not permit valid comparison between the fob value of exports actually made to the various areas.

The following prices Cif were paid for similar grade commodities:

Year	World Price	Price Franc area	Excess Price
1958	NF 84 per 100 kg.	99	NF 15 per 100 kg.
1959	NF 91 " " "	99.50	NF 8.50 per 100 kg.
1960	NF 98.70 " " "	101.50	NF 2.80 " " "
1961	NF 101 " " "	103	NF 2 " " "

VII. MEASURE GOVERNING MARKETING, PRICE SUPPORT OR STABILIZATION, ASSISTANCE TO PRODUCERS

1. Local measures

There are no special local measures in support of groundnuts.

(a) External measures

See item VI above on the groundnut convention with France.

COST PRICE OF GROUNDNUTS 1961/62 SEASON

CIF VALUE DESTINATION		99,500
Overheads Europe 1% on cif	995	
Brokerage 0.50% on cif	498	
Analysis discount 2% on cif	1,990	
Supervision and miscellaneous 400 + 1.50% tare	406	
Shifting and stowage: 500 + tare 1.50%	508	
Shipping 9,200 - 7.50% = 7,955 - 500 + tare	8,114	
Insurance 1.2% on cif + 5%	1,254	
Wastage 2% on fob + insurance	1,697	
Interest 6% (1 month) on fob + insurance	424	15,886
		<hr/>
	i.e.	83,614
	<u>CFA fob</u>	41,807
Transit and putting on board (8.46% = 700)	760	
Wharfage	507	
"Voirie"	81	
Statistical tax (1% on valeur mercuriale - (gazetted price) 28,000)	280	
Exit taxes 15% on valeur mercuriale 28,000	4,200	
Packaging 0.50% on valeur mercuriale 28,000	140	
Professional subscription (500 + 250)	750	
Support Fund	750	
Standard tax 6.42% on valeur mercuriale 33,000	2,118	9,586
		<hr/>
VALUE WAREHOUSE DAHOMEY.....		32,221
Warehouse rent	150	
Sacking (13 x 150)	1,950	
Interest 6% on 3 months on loco-magasin (value warehouse)	483	
Handling	450	
Wastage Africa 2% on nu-basculé (unwrapped ex-scale)	529	
Overheads Africa	1,200	
Export commission 2% on cif	995	5,757
		<hr/>
VALUE SHELLS EXCLUSIVE OF PACKING COTONOU		26,464
Transport Bohicon/Cotonou	1,080	
Handling	400	1,480
		<hr/>
VALUE SHELLS EXCLUSIVE OF PACKING BOHICON		24,984
i.e., <u>in shells</u> , yield 70%		17,489
Handling factory	400	
Shelling	1,500	
Buyers' commission	1,000	2,900
		<hr/>
PRODUCERS PRICE IN SHELLS BOHICON		14,589

INTER-MINISTERIAL DECREE

YEAR 1961 No.I/MCET/MAC

THE MINISTER OF COMMERCE, ECONOMY AND TOURISM

THE MINISTER OF AGRICULTURE AND RURAL AFFAIRS

Considering Act 60,36 of 26 November 1960 constituting the Republic of Dahomey;

Considering the Act known as "the Act of 14 March 1942" ratified by an ordinance of 10 September 1943;

The Prefectoral authorities, the Comité National des Prix (National Price Committee), the Chambre de Commerce et d'Industrie Consultés (Chamber of Commerce and Industry),

DECREE

Clause 1 - During the 1961-62 season groundnuts will be marketed under the following conditions:

Clause 2 - Opening and Closing - the opening and closing dates of the groundnut season have been fixed as follows:

Opening 8 January 1962

Closing 15 June 1962

Clause 3 - Purchase price - Minimum producer's purchases prices per kilo of groundnuts for milling have been fixed as follows:

	<u>In shells</u>	<u>Shelled</u>
Bohicon	16	25.60
Athiémé	14.70	24.30
Dassa-Zoumé	15.25	24.90
Savalou	14.80	24.50
Save	14.80	24.50
Parakou	13.75	23.40
Djougou	12.15	22.75
Kandi	11.30	22.00
Natitingou	11.20	21.90

Clause 4 - Sanctions - Any infringement of the provisions of this Decree shall be liable to the penalties laid down in the Act known as "the Act of 14 March 1942".

Clause 5 - Execution - The Director of Economic Affairs, the Director of Agriculture, the Chief of the Commodity Conditioning and Inspection Service, and the Heads of Administrative districts are responsible, insofar as each is concerned, for the execution of this Decree which shall be registered and published in the Journal Officiel (official gazette) of the Republic of Dahomey.

COTONOU, 3 JANUARY 1962

THE MINISTER OF AGRICULTURE
AND RURAL AFFAIRS

THE MINISTER OF COMMERCE, ECONOMY AND TOURISM

S. DASSI

P. DARBOU

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COTTON PRODUCTION AND MARKETING

I. PRODUCTION

- (a) Area planted: approximately 32,000 hectares. Average yield per hectare approximately 100 kgs.

Population engaged in production: approximately 100,000

Imputed revenue of the population engaged in production: approximately CFA frs. 90 million (for cotton only).

Investments, turnover of associations engaged in production: production is on a family basis exclusively but the processing of cotton seed into cotton fibre is carried out by two agencies: the CFDT^{1/} and the Groupement des exportateurs de coton en Afrique (GECAF) (Group of Cotton Exporters in Africa). These two agencies own five gins representing an investment of approximately 30 million.

- (b) Production 1950 to 1961 (cotton seed)

1950 = 3,680 tons	1956 = 1,284 tons
1951 = 1,655 tons	1957 = 1,489 tons
1952 = 3,319 tons	1958 = 2,379 tons
1953 = 2,368 tons	1959 = 1,556 tons
1954 = 1,785 tons	1960 = 2,900 tons
1955 = 1,950 tons	1961 = 2,800 tons

Production forecasts for the next four years:

The four-year plan provides that between now and 1965 the area planted will increase from 32,000 to 40,000 hectares and that yield will rise from 100 to 300 kg. per hectare. This would mean that the production of cotton seed would increase from 3,000 to 12,000 tons, representing a value of 360 millions as against 90 million at present.

^{1/} Compagnie Française pour le Développement des Fibres Textiles (French Textile Fibre Development Company)

At the same time exports of cotton fibre should increase from 1,000 to 3,800 tons and represent a value to producer's of 450 million as against 90 million.

Part (approximately 200 tons) of the production will continue to be consumed.

After 1965 the growth rate should become stable at 2,000 tons per year, enabling output to reach approximately 15,000 tons of raw cotton in 1968.

II. CONSUMPTION

- (a) Annual consumption since 1950: may be estimated at between 100 and 300 tons of raw cotton depending upon the volume of annual production.
- (b) Consumption forecasts for the next seven years: consumption could rise to approximately 500 tons of raw cotton.

III. STOCK

There is no stock. The entire production is exported or consumed locally.

IV. EXPORTS

Export situation from 1950 to 1961 (cotton fibre).

The franc area (Chiefly France and Senegal) takes the whole of Dahomey's cotton exports.

1950 =	572 tons	1956 =	514 tons
1951 =	1,089 tons	1957 =	820 tons
1952 =	1,084 tons	1958 =	1,048 tons
1953 =	750 tons	1959 =	750 tons
1954 =	620 tons	1960 =	1,080 tons
1955 =	756 tons	1961 =	1,330 tons

Trade conditions: at present the following conditions prevail per kg.:

Barbadense cotton fob NF 2.75 : cif NF 2.92 (standard 1)

Allen cotton fob NF 2.96 : cif NF 3 (1st quality)

Place of cotton in our 1961 exports: tonnage = 1.4%, value = 5.1%.

V. PRICE

Production price

Price unwrapped factory

Price fob

Taxes

Price cif

Local sale price to consumer: there is local consumption rather than

Local marketing.

EXCESS PRICE CALCULATION TABLE:

Year	Tonnage exported to franc area	Price fob exported to franc area	Price fob per kg. to other areas ^{1/}	Average excess price per kg. in FCFN
1960	1,080	150,000,000	-	approx. 1.80
1961	1,316	180,000,000	-	approx. 2.44

^{1/} There are no exports except to the franc area.

MEASURES GOVERNING MARKETING, PRICE SUPPORT OR STABILIZATION, ASSISTANCE TO
PRODUCTION

1. Local Measures:

There is a local "Fonds de Soutien des produits a l'exportation" (Export Commodity Support Fund) which, in the case of Barbados variety only, meets the difference between the purchase price to the producer, based on the fob season price fixed by the BOBO-DIOULASSO Caisse Inter-Etats de Stabilization des Prix du Coton (Inter-States Cotton Price Stabilization Fund) and the slightly higher price enforced in Dahomey to stimulate production.

Marketing is governed by statutory texts.

2. A cotton support price is fixed each year by a Caisse Inter-Etats de stabilisation des prix du coton (Inter-States cotton price stabilization fund). This fund is subsidized by the Fonds de Soutien des Textiles (Textiles support fund) in France which, each year, guarantees a purchase price.

A technical advisory body - La Compagnie Française pour le Développement des Fibres Textiles (CFDT), a mixed economy Association founded in 1949 - works to promote cotton and provides the services of its technicians.

DAHOMÉY SUPPORT FUND/GECAF 1961/62 SEASON
(FINAL SCALE) AVERAGE COTTON DAHOMÉY - 1st QUALITY

A.	AVERAGE PRODUCER PURCHASE PRICE BOHICON REGION		32,500
1.	Costs from market to gin	3,960	3,960
			<u>36,460</u>
			=====
B.	VALUE UNWRAPPED FACTORY BOHICON RAW		
2.	Output at gin: 35%		
C.	VALUE UNWRAPPED FACTORY BOHICON GINNED -		104,171
3.	Ginning, packaging: 14,900 + + Service Tax 8.46%	16,161	
4.	Transport factory/station and loading on to wagon	670	
5.	Rail transport Bohicon/Cotonou	1,200	18,031
			<u>122,202</u>
D.	STORED VALUE - SCALE COTONOU		
6.	Handling, storage	700	
7.	Warehouse rent	150	
8.	Share in overheads Africa (fixed price)	4,900	
9.	Interest: 6% (3 months) on value ex Warehouse Dahomey	1,949	7,699
			<u>129,901</u>
E.	VALUE WAREHOUSE COTONOU		
10.	"Voirie" 80 + Tare 2%	82	
11.	Transit	900	
12.	Marketing commission in Africa (fixed price)	1,600	2,582
			<u>132,483</u>

F. VALUE AT POINT OF EXIT COTONOU

13.	Exit duties: 2.10% on gazetted price 19,000	399	
14.	Search and packaging taxes: 0.50% on gazetted price 19,000	95	
15.	Statistical tax: 1% on gazetted price 19,000	190	
16.	Wharfage	1,230	
17.	Tax to Dahomey Commodity Support Fund	50	
18.	Standard Tax: 6.42% on fixed value 20,000	1,284	
19.	Interest: 6% (1 month) on fob value + insurance	702	
20.	Supervision and miscellaneous to delivery	192	
21.	Overheads exporter's premises: (fixed rate)	730	
22.	Sampling, arbitration costs: 60 x 4½ bales	270	
23.	Brokerage: (fixed rate)	1,050	
24.	Intervention cost GECAF (fixed rate)	520	6,712

G. INTERVENTION VALUE FOB Frs. CFA 139,195
NF 2,783,90

25.	Insurance: 0.720% on cif value + 10%	23.65	
26.	Shipping: 64.00 - 7.50% = 59.20 - 5.00 = - 54.20 x 3.3 M3	178.86	202.51

H. COST VALUE CIF LE HAVRE/DUNKERQUE per 1,000 kilos. 2,986,41
=====

DAHOMY SUPPORT FUND/GECAF - 1961/62 SEASON

AVERAGE COTTON DAHOMEY - 2nd QUALITY

A.	AVERAGE PRODUCER PURCHASE PRICE BOHICON REGION		25,000
1.	Costs from market to gin	3,960	<u>3,960</u>
B.	VALUE RAW UNWRAPPED FACTORY BOHICON		<u>28,960</u>
2.	Output at gin: 35%		
C.	VALUE GINNED UNWRAPPED FACTORY BOHICON		
3.	Ginning, packaging: 14,900 + + service tax 8.46%	16,161	
4.	Transport factory/station and loading on to wagon	670	
5.	Rail transport Bohicon/Cotonou	1,200	<u>18,031</u>
			100,774
D.	STORED VALUE - SCALE COTONOU		
6.	Handling, storage	700	
7.	Warehouse rent	150	
8.	Share in overheads Africa (fixed rate)	4,900	
9.	Interest: % (3 months) on value ex local warehouse	1,622	<u>7,372</u>
E.	VALUE WAREHOUSE COTONOU		
10.	"Voire": 80 + Tare 2%	82	
11.	Transit	900	
12.	Marketing commission in Africa (fixed rate)	1,600	<u>2,582</u>

F. VALUE AT POINT OF EXIT COTONOU

13.	Exit duties: 2.10% on gazetted price 19,000	399	
14.	Search and packaging taxes: 0.50% on valeur mercuriale (gazetted price) 19,000	95	
15.	Statistical tax: 1% on valeur mercuriale (gazetted price) 19,000	190	
16.	Wharfage	1,230	
17.	Tax to Dahomey Commodity Support Fund	50	
18.	Fixed tax: 6.42% on fixed value 20,000	1,284	
19.	Interest: 6% (1 month) on fob value + insurance	592	
20.	Supervision and miscellaneous to delivery	192	
21.	Overheads exporter's premises: (flat rate)	730	
22.	Sampling, arbitration costs: 60 x 4½ bales	270	
23.	Brokerage: (flat rate)	1,050	
24.	Intervention costs GECAF (flat rate)	520	6,602

G. INTERVENTION VALUE FOB

	<u>Frs.CFA</u>		<u>117,330</u>
	N.F.		2,346.60
25.	Insurance: 0.720% on cif value + 10%	20,16	
26.	Shipping: 64.00 - 7.50% = 59.20 - 5.00 = = 54.20 x 3.3 m3	178,86	199.02

H. COST VALUE CIF LE HAVRE/DUNKERQUE per 1,000 kilos.

2,545.62

29 SEPTEMBER 1961

DRAFT SCALE FOR ALLEN NORTH DAHOMEY

	<u>Estimates per ton</u>
Average intervention price	34,800
99% for 1st quality at Fr. 35	
1% for 2nd quality at Fr. 25	
Market costs	1,200
Transport of cotton seed to Kandi gin	2,900
<hr/>	
COST PRICE OF COTTON SEED IN GIN, KANDI	38,900
COST PRICE OF GINNED COTTON FACTORY (35%).....	111,143
Ginning	16,000
Transport road-rail/Kandi-Cotonou	6,300
Carterage and transit (including tax of 8.46%)	1,334
Warehouse rent 1 month (including tax of 8.46%)	272
Wharfage (basic 1,200 frs. per ton raw)	1,230
Exit duty: 2.10% on valeur mercuriale (gazetted price)	
39,000	819
Statistical tax: 1% on valeur mercuriale	
(gazetted price) 39,000	390
Conditioning: 0.50% on valeur mercuriale	
(gazetted price) 39,000	195
Fixed export tax: 6.42% on valeur mercuriale	
(gazetted price) 41,000	2,632
Transport tax	88
Local Export Commodity Support tax	50
Treasury tax (1% on 6 preceding stages)	5
Exporter's tax	200
Bankers' interest	2,400
Insurance	900
Sale costs metropolitan country	1,000
Overheads	3,100
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COST PRICE FOB COTONOU	CFA frs. 148,058

PRODUCTION AND MARKETING OF PALM OIL

I. PRODUCTION

(a) Area planted: yield per hectare.

225,000 hectares of natural exploitable growth characterized by a very low yield of some 3 tons of bunches with an oil content of less than 10%. 4,000 hectares of selected plantations with an improved yield of 12 tons with an oil content from 15 to 25%.

(b) Population engaged in production: more or less the whole population of lower Dahomey, but 300,000 persons live principally off oil palm cultivation.

(c) Imputed income: $2\frac{1}{2}$ billion, non commercialized consumption representing $\frac{2}{3}$ rd of the value.

(d) Estimated investment: there are no investments in natural palm-groves. Selected palm-groves were planted with FIDES funds.

(e) Production 1950 - 1961 (modern and traditional methods)

1950 =	1956 = 40,000
1951 =	1957 = 34,000
1952 =	1958 = 37,000
1953 =	1959 = 33,000
1954 =	1960 = 42,000
1955 =	1961 = 36,000

(f) Production forecasts for the next 7 years.

These are linked with the four-year Plan and the 20-year forecast. It is expected that between 1961 and 1963, 13,400 hectares of selected palm trees will be planted. In 1965 production should be reach 57,600 tons.

II. CONSUMPTION

It is estimated that a minimum of 25,000 tons are consumed annually.

Consumption forecasts: increase of 5% per year to take account of population growth.

III. STOCK

Does not keep.

IV. EXPORTS

Coastwise trade excluded:

1950 = 10,125	1956 = 16,462
1951 = 13,253	1957 = 9,788
1952 = 7,694	1958 = 12,178
1953 = 15,111	1959 = 8,468
1954 = 12,914	1960 = 10,642
1955 = 16,427	1961 = 8,973

Coastwise trade { 1960 : 5,372 tons
 { 1961 : 2,057 tons

N.B. Because of the lack of statistics relating specifically to Dahomey it has not been possible to compile a table of coastwise exports prior to 1960. Such a table would have shown the importance of exports (6,000 to 7,000 tons per year) to Abidjan and Dakar (soap works) of high acidity oil produced by traditional methods.

<u>Destination</u>		<u>Coastwise trading</u>	
1960	France 10,005	Senegal	2,546
	Togo 82	Ivory Coast	2,824
	Guinea 553		<hr/> 5,371
	<hr/> 80,642		
1961	France 7,988	Senegal	133
	Togo 589	Ivory Coast	1,824
	Guinea 404	Niger	100
	<hr/> 8,973		<hr/> 2,057
			- 11,030

N.B. The Senegal Soap-works having in 1961 turned to tallow, which is cheaper, in place of palm oil from Dahomey, there was a considerable decline in the tonnage exported to Senegal, which was not offset by demand from the Ivory Coast.

V. TRADE CONDITIONS

Fob CFA frs. 53

Cif NF 120

VI. PRICE

Producer's price 26 to 26.50 for bunches processed in the mills. Local Purchase price 2.60 per kg.

Cif price Abidjan - see attached scale for high acidity oil produced by traditional methods.

Parity in factory of Cif metropolitan price. See attached scale for industrial oil.

Cif price Antwerp frs. 112

Local sale price to consumer CFA frs. 65.

Year	Tonnage exported to franc area	Cif price for exports to franc area	Cif price for exports to other countries	Excess Price CFA Frs. per Kg.
			Cif Antwerp per ton	
1958	12,178	1,200	1,035	CFA frs. 8.85
1959	8,468	1,230	1,172	2.90
1960	10,642	1,240	1,000	12
1961	8,973	1,180/1,200	1,122	4
1962		1,200	1,120	4

VII. SHARE OF PALM OIL IN OUR EXPORTS

In 1961 it amounted to 11.7% in tonnage and 14.6% in value.

Our exports are absorbed by the franc area (Guinea excepted), 90% of them by France.

VIII. MEASURES GOVERNING MARKETING, PRICE SUPPORT OR STABILIZATION, ASSISTANCE TO PRODUCERS

1. Local Measures

The Service de Conditionnement (Conditioning Service) supervises the quality of exports. The following table gives percentages of the types of oil inspected for export.

	1956	1957	1958	1959	1960	1961
Type I	3.3	2.2	0.5			
II	50.1	65	50.7	62.4	65.5	84.8
III	39.4	29	30.3	29.4	18.1	2.3
IV	7.2	3.8	18.5	8.2	16.4	12.5
V	-	-	-	-	-	0.4

2. External measures, if applicable

External organization of markets, price and outlet guarantee, preferential tariffs, etc.

Palm oil is sold on the French market under the terms of a protocol between Dahomey and the Société Inter-Professionnelle des oleagineux et fluides alimentaires (Inter-Professional Oil Products and alimentary fluids Association), which groups French users of oil. SIOFA undertakes to import Dahomey's entire production at a guaranteed price and to "Jumeler"^{1/} its imports from abroad to as to ensure the sale of the entire production of the franc area.

Were it not for this protocol the uncompetitive price of our palm oil would have to be supported if it were to be sold on foreign markets.

SCALE FOR PALM OIL PRODUCED BY TRADITIONAL METHODS

<u>Bulk Transport by cargo boat</u>		
<u>Cif price Abidjan</u>		40,000
Insurance 0.45 on Cif	180	
Overheads Europe 1% on Cif	400	
Brokerage 1% on Cif	400	
Discount for acidity (18-12.50%) on Cif	200	
Discount for water ... 1.50 on Cif	600	
Supervision costs (fixed rate)	175	
Freight Cotonou Abidjan	3,880	
	<hr/>	
	8,357	
Price Fob		31,645
Wharfage	600	
Transit SASEM	1,560	
Transport	80	
	<hr/>	
	2,240	
Value in warehouse Cotonou		29,403

^{1/} System whereby French importers are obliged to import a given quantity from Dahomey for each allotment of imports from third countries.

SCALE FOR PALM OIL PRODUCED BY INDUSTRIAL METHODS

Parity in factory of Cif Metropolitan price

Support price NF 120
Sale price Cif CFA 120, i.e., 60,000

less

Cost from Fob to Cif

Bulk freight	14,400
Bonus	1,400
	13,000

Differential rebate 5% 720, i.e., 12,280 = 6.140

Insurance

120,000 x 0.30 x 0.325 x tax 4% at 215

Brokerage

120,000 x 0.50 = 300

Supervision of unloading 165

Fob

53,180

Cost from unwrapped ex-scale to Fob

Exit duty on VN 32,000

32,000 x 2 = 640

Wharfage 600

Local conditioning tax

0.50 x 32,000 160

Statistical tax 1% 531

Road tax 80

Transit and removal 55

Stocking station 1,500

Printing 6

Support Fund 200

Unwrapped ex-scale 3,772

3,772

49,408

Transport factory Cotonou 49,408

Bulk	(700	}	800
Traffic tax	100		

800

Rounded up to 48,608

48,608

PRODUCTION AND MARKETING OF PALM KERNELS

I. PRODUCTION

- (a) Area planted: the exploitable palm grove extends over approximately 225,000 hectares.

Very low yield of approximately 3 tons per hectare of bunches, i.e., 240 kg. per hectare of palm kernels.

Population engaged in production. The whole of the population of lower Dahomey, but about 300,000 persons live mainly off the oil palm.

Imputed income of the population engaged in production. Difficult to estimate for the palm kernel is linked with palm oil.

The 50,000 to 60,000 tons of palm kernels exported correspond to the processing of 600,000 to 700,000 tons of bunches, 120,000 to 150,000 tons of which were processed in the factories and the rest by traditional methods.

Investment in the four factories at AVRANKOU, GBADA, AHOZON and BOHICON.

Approximately 700 million. At the present time a Société d'Etat (a government association), the SNAHDA has taken over the four factories previously run by IRHO and SHMD.

- (b) Production 1960 - 1961

1950 = 46,000 tons	1956 = 57,000 tons
1951 = 32,000 "	1957 = 47,000 "
1952 = 38,000 "	1958 = 63,000 "
1953 = 47,000 "	1959 = 53,000 "
1954 = 47,800 "	1960 = 65,000 "
1955 = 50,500 "	1961 = 52,000 "

(c) Production forecasts for the next seven years.

Linked with the four-year and 20-year forecast. It is estimated that 13,400 hectares will be planted between 1961 and 1965. Estimated production increase in 1965 6,000 tons, giving a total production in 1965 of 67,000 tons.

II. CONSUMPTION

(a) Annual consumption since 1950. Palm kernel oil locally manufactured from palm kernels for local consumption cannot be estimated. Consumption is very low compared with the 25,000 tons of palm oil consumed locally.

(b) Estimated consumption during the next seven years. Local consumption will decline still further.

III. STOCK

It is difficult to stock the commodity because it deteriorates rapidly. Must be exported without delay.

IV. EXPORTS

Export production, which alone can be checked, corresponds to the production figures given in the production table.

Year 1960 to	France	44,213 tons	Year 1961	France	43,714
	Morocco	1,000 "		Morocco	400
	W. Germany	2,005 "		Belgium	100
	Holland	9,279 "		Holland	3,150
	Denmark	2,018 "		Denmark	900
	Poland	2,757 "		Hungary	200
	coastwise trade	-		Nigeria	10
		<hr/>			<hr/>
		61,274 tons			48,482

Other statistics cannot be supplied because statistics relating specifically to Dahomey were not compiled before 1960.

V. CONDITIONS OF TRADE

Price fob CFA 25,500

Price cif 63,500

Producer's price CFA frs. 17 to 18 per kg.

Price net factory for factory production frs. 16.

Palm kernel Scale

A. Cost price fob

1. Exit duty: 5% on valeur mercuriale (gazetted price) 21,000	1,050
2. Conditioning tax: 0.5% on valeur mercuriale 21,000	105
3. Statistical tax: 1% on valeur mercuriale 21,000	210
4. "Voire": 80 + Tare 1.25%	81
5. Support Fund tax, per ton net	150
6. Wharfage: 500 + tare 1.25%	506
7. Ex warehouse, carterage, handling at wharf	510
8. Standard tax: 6.42% on fixed value 25,000	1,605

B. Value ex-warehouse Cotonou

9. Packaging: 145 + 13 depreciation = 158 x 12.5	1,975
10. Interest (2 months) on value ex-warehouse	-
11. Wastage Africa: 1% on value ex-warehouse less packaging	238

C. Value unwrapped ex-scale Cotonou

VI. SHARE OF PALM KERNELS IN OUR EXPORTS

In 1961 they represented 52% of the total tonnage and 38% of the total value. France bought 90% of our production last year.

VII. ESTIMATE OF EXCESS PRICES

Year	Tonnage exported to franc area	Price fob for exports to franc area	Price fob for exports to other countries	Excess Price in CFA francs
1960	44,213 tons	39 tons	41	- 2
1961	39,583 "	27 "	28	- 1

N.B. Exports are sent preferably to France since French buyers are less strict about standards and rebate rates than foreign buyers.

VIII. MEASURES GOVERNING MARKETING, SUPPORT OR STABILIZATION PRICES, ASSISTANCE TO THE PRODUCER

1. Local measures - Quality standards conform to international contracts.

The Dahomey Support Fund could, if necessary, intervene to stabilize prices provided it has sufficient financial resources. The volume of palm kernels - 50,000 - made even a very small support (1 fr.) extremely costly. Aid from an international organization would be necessary for a few years. Since palm kernels can be replaced by other fats and oils their purchase by users depends essentially on their price. Intervention by the Support Fund would become indispensable if the commodity could no longer be sold on a favourable market, such as France, but had to be sold to the EEC countries or to Europe since these are our only normal and possible outlets.

2. External assistance measures, if applicable: None for the moment, except excess price paid by France.
