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Sub-Saharan Africa Report

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INTER-AFRICAN AFFAIRS

AFRICAN ECONOMY IN 1980 ANALYZED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 23, 30 Jan, 6 Feb 1981

[23 Jan 81, pp 176-180]

[Text] West Africa

Mauritania: a Difficult Recovery

Partially relieved by the ending of the war effort in the Western Sahara, the Mauritanian economy is still a long way from a return to expansion.

The world steel situation is not facilitating the sale at high prices of the iron ore from the Zouerate deposits, where extraction is declining somewhat. The revival of the mining sector, Mauritania's basic source of revenue, is conditioned upon the realization of the plan to exploit the masses of low-grade ore in the Guelbs, ores that will require on-site enrichment. The National Industrial and Mining Company (SNIM) is looking for foreign financing, the cost of the project being estimated at $500 million.

The financial difficulties are reflected in the deficit in the two budgets for 1980 (6 billion ouguiya in income and 10 billion in expenditures) and 1981 (7 billion in income and 10 billion in expenditures forecast), the deterioration of the trade balance, the marked balance of payments deficit (-0.8 billion ouguiya for 1979, despite foreign aid grants) and the redistribution of the bills payable on the foreign debt negotiated with the creditors (1 ouguiya = 0.095 French francs).

This state of affairs brought about the revision of the industrialization program and the abandoning of the Rosso textile unit project, which was revealed by additional studies to be unprofitable.

The program to stabilize the public treasury includes, in addition to applying an austerity policy with respect to expenditures, obtaining a profitability for government-owned companies. The year 1981 should be marked by putting back into operation the (imported) oil refinery at Nouadhibou, which was built 4 years ago (for 6 billion ouguiya) and was never put into service, and the start-up of the (also imported) sugar refinery.

In June 1980, the Terwan Dam in the southeast region of Adrar, was completed; it makes possible irrigation of several hundred hectares.

France is in the first rank of Mauritania's trade partners, with 43.58 percent of the imports and 27.89 percent of the exports in 1979.

Once again the country was severely affected by drought, and food aid contributed partially to feeding the population.

Senegal: an Especially Hard Year and Recourse to Emergency Financial Aid

Senegal continued to suffer the cumulative effects of a poor peanut harvest and the drought. The grain shortage increased (329,000 tons from 1978 to 1980), and European aid was called upon. The year 1980 was a difficult one, and the situation of the public treasury became critical to the point where in July an emergency financial aid from France was resorted to: 430 billion French francs, or 21.5 billion CFA francs.

The trade balance in 1979 showed a deficit of 50 billion CFA francs and the balance of current payments showed a shortage of 33.7 billion. Interest payments on the foreign debt absorbed 15 percent of income from exports and 19 percent of tax revenues.

Austerity measures were enacted; however, the budget for fiscal 1980-1981 (1 July-30 June) is greatly increased over the preceding year: 193.4 billion CFA francs in income (+24.4 billion over the initial preceding budget) and 191.8 billion in expenditures, of which 22 billion (-2 billion) was allotted to equipment, the total to be covered by borrowing.

The activities of 27 public institutions and 75 semi-private companies contributes at the 40-percent level to forming the gross domestic product. The National Office of Cooperation and Assistance for Development (ONCAD), which among other things was providing the collection and marketing of peanuts and handling a turnover of 100 billion CFA francs, and whose management had been the object of criticism, was dissolved and replaced by a less monolithic organization.

The Bud-Senegal Company, which was given over to export truck farming, was liquidated when deviation was found in its production methods.

Early in October the floating dock which was built in Norway for Dakar-Marine and which arrived in July was installed.

The Faleme iron ore exploitation project (reserves estimated at 450 million tons) is still in the study phase; its completion would require 215 billion CFA francs. In the Senegal-Kuwaiti Investment Company, capitalized for 500 million CFA francs, the national interests are intervening for 51 percent.

Since May a natural gas deposit located 40 km from Dakar has been supplying electricity production; it is estimated this deposit will last 15 years.

In 1979, the income from tourism rose to 16.7 billion CFA francs.

The installation of the Kaolack textile unit was the beneficiary of a 20-year loan of 1 billion CFA francs, granted by OPEC. Kaolack was also endowed with an industrial center during the year.

The fourth Dakar International Fair, which was held from 28 November to 7 December 1980, was very successful, with the participation of 39 countries and 500 firms.

In the fiscal area a remarkable showing of solidarity, to come to the aid of the rural world affected by the drought, was instituted (expected profit: 3.6 billion CFA francs).

The 1980-1983 public investment program was fixed at 320 billion CFA francs, at constant prices; it is oriented chiefly toward the productive sectors.

Senegal continues to benefit from varied financial aid: United States, France (part of which was used to absorb 11.5 billion CFA francs in debts to private enterprises), West Germany, Arab countries. Under the STABEX [expansion unknown] procedure, an allocation of 5.2 billion CFA francs, for the year 1980, was allotted to partial coverage of the losses of export income after the poor peanut season of 1979-1980.

Gambia: Contracts With French Firms

The Gambian budget for fiscal year 1979-1980 was set at 76.5 million dalasis in revenues (+17.7 percent) and 72.4 million in expenditures, or an expected surplus of 4.1 million dalasis (1 dalasi = approximately 2.60 French francs).

The Banjul rehabilitation program entrusted to the Gambia Utilities Corporation (GUC) was financed, half by the African Development Bank (a loan of 16.5 units of account). Various French firms obtained contracts for a total of $250 million, to complete various industrial projects. The metric system went into effect on 1 January 1981.

Guinea-Bissau: a Bauxite Exploitation Study

The study of exploitation of deposits and piles of bauxite in the southern region of Guinea-Bissau includes removal through the port of Biba. To this effect an agreement was sought with Guinea-Conakry, which has over 30 percent of the world's bauxite reserves, for the use of the projected railroad.

With the participation of Guinean Oil and Mining (PETROMINAS), a state-owned company, oil prospecting is to start up in late 1981. Swedish aid will contribute to the modernization and expansion of small-scale fishing. The dispute with Guinea-Conakry has still not received an amiable solution; the question took on acuteness with the coming exploration for off-shore oil.

Cape Verde: A new Period of Drought and Development Centered on Fishing

For the fourth consecutive year the Cape Verde Archipelago was a victim of drought, and international aid furnished indispensable food aid.

Development was centered on fishing. Japan is contributing toward equipping two tuna boats; France has taken over the archipelago's maritime beacons; the European Investment Bank and the African Development Bank have granted loans to build a fishing boat repair yard at Mindela (scheduled to go into service in late 1982) and the Sao Vicente shipyard. The last two developments, by providing an appreciable gain in foreign currency, will make possible an 80-percent income supplement to the balance of goods and services. In addition, the French aid includes air cover, irrigation the building of slaughterhouses.

Mali: A Foreign Debt Supportable Only With Difficulty

A country with a basically agricultural structure, Mali was again affected by the drought; the grain shortage for the 1979-1980 season amounted to 250,000 tons.

The primary sector (agriculture and cattle raising) contributes 44 percent to the formation of the gross domestic product. The record cotton harvest of 1979-1980 at ginning furnished 56,500 tons of cotton fiber with a value of 43 billion Malian francs. The producers' total revenue was established at 12 billion (1 Malian franc = 0.01 French franc).

Diversification of the Malian economy is sought in industrialization. Among projects being studied are: a third agro-industrial sugar complex at Bankoumana, 60 km from Bamako in the Upper Niger Valley, having as its objective the production of 30,000 tons of sugar per year; a second cement plant at Diamou (50 billion Malian francs) with a capacity of 260,000 tons of cement per year; exploitation of the iron ore at Bale (a decision provided for during 1981); the extraction of phosphates from Tilemsi with a first unit of 30,000 tons per year, the installation to be completed expected to arrive at 240,000 tons per year.

The 1980 budget was balanced at 70.8 billion Malian francs (compared to 77.8 billion for the preceding budget), not taking into account taking care of the deficit carried forward from former years.

At the end of 1979 the foreign debt amounted to the equivalent of 185.6 billion Malian francs, after the payment of debts granted by France, West Germany and Canada in particular. Servicing the debt absorbs too large a share of export revenues, and its adjustment is on the agenda. Recent aid included an increased percentage of the gift component.

The government is making every effort to redress the situation of the state-owned companies in the direction of more economical and profitable management.

Less than 4 years after work started, the Selingue Dam on the Sankarani, a tributary of the Niger River, 130 km from Bamako, is supplying the capital with energy.

A new 1981-1985 Five-Year Plan is in preparation; it will probably take up again the remainder of the actions programmed in the preceding 1974-1978 Plan which, because it was impossible to obtain all of the hoped-for foreign aid, was only very partially accomplished.

Guinea: Foreign Investment Solicited

Normalization of Franco-Guinean relations still remains to be perfected; however, the financial contention was settled early in the year, and the French firms that had been obliged to cease all activity received a total lump sum payment of 70 billion French francs.

At present the Guinean economy is based on bauxite, the recognized reserves of which amount to 8 billion tons, the most important in the world. In 1979, 12 million tons were extracted and 700,000 tons of alumina were produced (650,000 tons of it produced by Fria, which is a partnership of the state and international aluminum firms). In June 1980 an agreement was concluded with Algeria, Nigeria, Romania, American and Swiss firms and Yugoslav publicly-owned firms to build a complex to produce

1.2 million tons of alumina and 150,000 tons of aluminum from the Ayekoye deposit, which is located in the northwest. The development of the Fria-Kimbo alumina production gave rise to financing by the European Investment Bank, for one quarter of the cost of the program evaluated at 23 million European units of account, or 6.9 billion CFA francs.

In the field of iron ore, the project of the Guinea Iron Mining Company (MIFERGUI-Nimba), a semi-private company including the state, Algeria, Nigeria, Japanese firms, Yugoslav publicly-owned companies and the Spanish INI [National Institute of Industry], deals with exploiting the Mt. Nimba deposit, near the Liberian border, whose reserves are estimated to be 1.5 billion tons. In the beginning the rate of extraction would be limited to 15 million tons per year and an agreement will be negotiated with Liberia for removal of the ore. Off-shore oil prospecting is to begin in the early months of the present year, 1981.

Guinea is desirous of receiving foreign capital to contribute to the expansion of its mining sector and its industrialization. To that end a new Foreign Investment Guarantee Code went into effect at the end of April.

Relations with the African states are gradually being normalized, especially with Senegal, and in the course of the year Guinea joined the Gambia River Development Organization and the Mano River Union.

No data has been furnished concerning foreign trade and the public treasury. The foreign debt is evaluated at the equivalent of 4 billion French francs; servicing it absorbed 27 percent of export revenue in 1979. The monetary unit, the syli, which is not convertible, is depreciating from year to year. Its theoretical parity is currently about 0.23 French francs.

At the end of December the 1981-1985 Five Year Plan was announced. Totaling 38 billion sylis, it includes 6 billion allotted to pay off the public debt and 32 billion divided almost equally into three parts between agriculture, mining and industry. The volume of annual investment forecast, 6.4 billion sylis, is tied up with those in the 1973-1978 Five Year Plan (2.7 billion) and the 1964-1971 Seven Year Plan (1.3 billion), which did not attain the programmed objectives.

The Ivory Coast: Hopes for Significant Oil Production

Confronted with the increase in its equipment imports, especially oil supplies, and the stagnation of export revenues for agricultural production, the Ivory Coast since 1979 has shown a slowdown in its rate of expansion.

With 529 billion CFA francs in imports and 535 billion in exports, foreign trade in 1979 released a surplus balance of 6 billion CFA francs, against 2 billion in 1978 and 100 billion in 1977. The general balance of payments for the year 1979 also reflects this pause, with a deficit of 29.8 billion CFA francs, against a positive balance of 138 billion in 1978.

Agricultural production showed a 6-percent increase; the 1979-1980 coffee season furnished 245,000 marketed tons; the cocoa season produced the record figure of 370,000 tons, 24 percent of which was processed by local industry. The edible oil refineries produced 150,000 tons of palm oil, a record level (117,000 tons in 1979). The Ivory Coast now ranks third in the world's palm oil production. Rice production should reach 637,000 tons in 1985.

The 1980 operating budget was balanced at 235.4 billion CFA francs (+11.1 percent); servicing the debt absorbs 14.8 billion, an increase over 1978.

The special investment and equipment budget for the same fiscal year, 1980 was set, for income and expenditures, at 312.8 billion CFA francs (+30.6 percent). Sixty-five percent of it is drawn from domestic resources, the remaining 34.4 percent expected to come from foreign aid.

At the end of 1978 the foreign debt totaled 968.8 billion CFA francs (+4.5 percent) and servicing it corresponded to 14.7 percent of exports (11.12 percent in 1977). In September 1980 a 7-year loan of 35 billion CFA francs (700 million French francs) was obtained from a consortium of French banks.

In May the government decided to defer the execution of 10 development projects for a total of 300 billion CFA francs, projects basically concerned with infrastructures. In March the hydroelectric dam at Buyo (two thirds of Kossou) was was filled.

In 1979 the industrial sector contributed 13 percent to the formation of the gross domestic product. The total capital brought into play by Ivorian industry was 113.6 billion CFA francs as of 1 October 1979 (+20 percent over October 1978); the accumulated investments accounted for 459.8 billion (+39 percent). The Ivorization of capital is accelerating from year to year: 46 percent as of 1 October 1979, including 33 percent public participation, against 37 percent 4 years earlier.

In July the first off-shore oil deposit (1 million tons) began actual exploitation; a much more important deposit (provisionally evaluated at 250 million tons) was given prominance off Jacqueville, 50 km from Abidjan. The country could attain self-sufficiency in 1982 and, according to some experts, Ivorian oil production could equal Gabon's production in 1985, which would be around 10 million tons.

An agreement was concluded with Ghana and Upper Volta to improve the Black Volta.

Upper Volta: Classified Among the Poorest Countries of the Third World

Despite meritorious efforts and international aid, Upper Volta, at a disadvantage because it is landlocked, is still one of the Third World's poorest countries. The 1980 budget was fixed, in balance, at 35 billion CFA francs (-0.7 billion under the 1979 budget), including 22 billion in customs revenue.

Among the development projects written into the budget were the dissemination of silkworm breeding, installation of a second sugar complex, the building of a cardboard factory by the Upper Volta Packaging and Packing Company (SEC.HV) in Ouagadougou, requiring an investment of 1 billion CFA francs. During the year the leather and hide sector was reorganized, collection and tanning being provided by semi-public companies.

On 1 October the Poura gold mine, after years of slumber, was returned to activity; it contains 15 tons of metal; exploitation would provide 16 percent of the budget for several years and would account for 11.5 percent of the exports, the top position in that area being held by cotton.

No progress was made in 1980 toward putting into exploitation the Tambao manganese ore deposit, realization of which involves investment of significant capital and construction of a railroad for removal of the ore.

Niger: Uranium, the Basis for Development and Reception of Extensive Private Capital

The entry into exploitation during the year of the Akouta Mining Company COMINAK) strengthens uranium's contribution to the Nigerian economy, which for several years has been benefited by the activity of the Air Mining Company (SOMAIR). A third firm, not yet in exploitation, completes the mining sector.

The 1979-1983 Five Year Plan provides for 730.2 billion CFA francs in investment, in constant francs, distributed as 52.63 percent public contributions and 47.37 percent private capital. Its adjustments rest on the extraction and processing of uraniferous ores, on the exploitation of coal with an objective of 200,000 tons in 1983 and on putting the phosphate deposits into exploitation, with reduced-scale production in 1983.

During the year the Anou Araren Nigerian Coal Company (SONICHAR) undertook the second section of the work on the 36,600-kilowatt thermal power plant from the deposit whose reserves are evaluated at 6 million tons. The total cost of the SONICHAR program represents 64 billion CFA francs.

On 1 September the Tera Dam, about 200 km northwest of Niamey near the Voltan border, went into service.

The budget for fiscal year 1980-1981 (October to September) was fixed, in balance, at 80.6 billion CFA francs (+11.75 percent over the preceding year); it includes 26 billion in investment expenditures. Servicing the foreign debt absorbs 8.7 billion, a strong increase (+107 percent). In the European Development Fund Program for 1980-1984, Niger appears for the equivalent of 21 billion CFA francs.

As of 1 October the minimum basic wage was raised 10 percent.

Benin: Poor Management of State-Owned Companies

The government of Benin is always reluctant to give out data calculated on the evolution of the economic cycle: foreign trade, public treasury, balance of payments and indebtedness.

The 1980 budget was fixed in income and expenditures at 33.8 billion CFA francs (+20 percent); 90 percent from fiscal resources, it includes 2 billion for servicing the foreign debt.

Under industrialization, the factory of the Onigbolo Cement Company, in Oueme province, 18 km north of Pobe, is in the process of construction. The firm, a semi-public binational company (49 percent Nigeria, 41 percent Benin and 10 percent the Danish partner) expects to have a capacity of 500,000 tons of cement per year.

British and Belgian financing has been acquired for the project of the Save Sugar Company, which is also a semi-public company (Benin 49 percent, Nigeria 46 percent and the English Lonrho Company 5 percent); the cost of the program is estimated at 50 billion CFA francs.

No decision was taken, nor was any fiancing obtained for the potential exploitation of the phosphates at Mekrou, whose deposits may contain 5 million tons.

During the year the semi-public edible oil refinery at Bohicon (2.3 billion CFA francs) was adapted for production of cottonseed oil, peanut or corn oil, karite [translation unknown] butter and crab butter. A third brewery is under construction in Abomey in the center of the country (5 billion CFA francs) with, in the first phase, a production capacity of 150,000 hl [hectoliters] of beer and 50,000 hl of carbonated beverages per year.

The administration is preoccupied with curing the poor management of the state-owned companies: overabundant manpower, inadequate production and accumulated deficits.

Libyan interests are broadly represented in the Benin-Libyan Fishing Company and the Benin-Arab Libyan Mining Company.

Togo: Increased Phosphate Revenues

Togo's 1980 budget, within the framework of the austerity policy that had been adopted, was fixed, in balance, at 67.3 billion CFA francs (+3.79 percent). The contribution of the Togo Phosphates Office was raised to 13.5 billion CFA francs (+35 percent), and 22,3 percent of the expenditures were allocated to servicing the public debt. With the same imperatives, and the imperative of the fight against inflation, the 1981 budget totals 70.7 billion CFA francs (+5.02 percent); it includes revenues of 6.6 billion (against 3.2 billion) from the Togo Agricultural Products Office. The finance law raised from 35 to 40 percent the tax rate on industrial and commercial profits.

The indebtedness of the Togolese Hydrocarbons Company to Nigeria remains high and in arrears as of 1 June 1980, representing $t.2 million, 2.1 million of which is interest; the Lome Refinery is supplied with Nigerian crude. The Tabligbo plant of the West African Multinational Cement Company (CIMAO) was completed during the year. A German loan of 5.5 billion CFA francs was obtained to finance the work of expanding the port of Lome.

The 1981-1985 F ve Year Plan totals 250.9 billion CFA francs in anticipated investment.

Ghana: Indebtedness, Lack of Foreign Currency and Inflation are Compromising the Stabilization of the Economy

At the end of 1979 Ghana's outstanding foreign debt went up to $1.3 billion and the domestic debt was even larger: $2 billion, or 6.1 billion cedis (1 cedi - about 1.60 French francs). Inflation, which had reached 80 percent for the year 1979, could not be brought under control in 1980, and the economic situation remains bad.

The budget for fiscal year July 1980-June 1981 was fixed at 5.7 billion cedis in income and 7.3 billion in expenditures, including 2.5 billion in investment credits, the deficit having to be covered by resorting to domestic and foreign loans.

For the year 1980 the oil supply bill exceeds $1 billion, representing 36 percent of the export revenue. This state of affairs justifies the necessity of maintaining severe limitations on imports, certain provisions of which, however, were made more flexible in December. In February it was announced that natural gas had been discovered.

An important program to regenerate and treat cacao trees is in progress, thanks to foreign aid, especially from the African Development Bank. Withholding from sale stocks of cocoa from the 1979-1980 season brought losses equivalent to 13 million pounds sterling.

In February an agreement was concluded with Nigeria for the exploitation of bauxite, piles of which are believed to contain from 550 to 600 million tons of reserves. In December the discovery of a very important new auriferous deposit was announced. Ghana's gold production, which was calculated to be 900,000 ounces in 1965, fell to 362,000 ounces in 1979, having produced, with the price rise, the equivalent of $200 million in export sales.

In administration, the government launched a harsh fight against corruption.

Nigeria: After the Overheating, a Resumption of Expansion and Reconstitution of the Exchange Reserves

The top African producer, before Algeria, Nigeria stabilized its extraction of oil at 2.1 million barrels per day. Its crude reserves are evaluated at between 20 and 30 billion barrels, or 3 to 4.5 percent of the world's reserves. Natural gas reserves are estimated at 2,125 billion cubic meters and are still not much exploited, for lack of liquefaction installations; the Bonny plant (estimated cost $14 million) is still in the submitting stage of the work (for 1 April 1981) and will not go into service until 1982-1983. Here and now, a supply contract was concluded with a consortium of European purchasers for 8 billion cubic meters per year for 20 years, beginning in 1984-1985.

The federal budget for the fiscal period April 1980-December 1981 was fixed at 11.8 billion naira in income (+2.4 billion), including 95 percent for oil, and at 11.3 billion in expenditures (+20.1 percent), whereas the budget for the preceding fiscal year (April 1979-March 1980) had been established with a provisional deficit (1 naira = about 8.4 French francs).

The 1980-1985 Fourth Development Plan totals 82 billion naira in investments, against 43 billion for the preceding plan. Its application should bring the growth of the gross domestic product at an average annual rate of 7 percent.

As of 30 June 1980 the volume of the foreign debt represented the equivalent of 6 billion naira (+0.8 billion over 12 months). In mid-July 1980 the exchange reserves, reconstituted since the period of overheating and inflation of 1978-1979, reached the record level of the equivalent of 4.7 billion naira. The inflation rate, which was 16.6 percent in 1978, went back to 11.8 percent in 1979.

The revival of the economy made it possible in May to liberalize the measures limiting various imports.

In all sectors, the economy resumed its expansion. Nigeria ranks third among the suppliers of oil to France. It is 22nd among France's foreign customers, accounting for 0.78 percent of its total sales. The balance of trade is largely positive for Nigeria because of its oil supplies.

In June the federal government abandoned the projected dam and hydroelectric power plant at Lokoja, at the confluence of the Niger and the Benoue, because of its very high cost: 2.3 billion naira (over $5 billion).

On the other hand, the plan to produce paper pulp and newsprint will be carried to term; the program undertaken by the Nigerian Newsprint Manufacturing Company (NNMC) in Calabar, Cross River State, concerns manufacture of 100,000 tons of newsprint per year (cost: $470 million).

During the year the Nigerian fleet was reinforced by the acquisition of new units and an order for liquefied gas tankers. The management of the state organization, the Nigerian National Petroleum Corporation (NNPC) having come under various forms of criticism, a study is being made of restructuring the company.

In Nigeria's equipment effort, several French companies during the first quarter of the year concluded very important contracts for supplies, which should contribute to balancing the trade between the two countries somewhat.

Liberia: Partial Adjustment of the Debt

For several years Liberia's financial situation has been greatly deteriorated. A three-semester adjustment in the servicing of the debt was requested, and in December the experts and creditors in the United States, West Germany, France, the United Kingdom, Norway and Japan recommended that their governments grant a 9-year deferment on settlement of the payments from 1 July 1980 to 31 December, with a 4-year grace period.

With $215.5 million in income and $372.5 in expenditures ($126 million of this for investment expenditures), the budget for fiscal year 1980-1981 includes a provisional deficit of $157 million, the deficit reduced to $75.3 million by the profit from the balance subsidies obtained, especially from the United States (compared to an initial deficit of $14.1 million for the preceding budget). Said budget takes care of $20.2 million for servicing the debt.

When the Tolbert regime fell the new administrative team found a treasury of only $5 million and liabilities of $700 million in debts, with fiscal income below the budgetary forecasts. It was also decided to go ahead with a forced loan in the form of savings certificates compulsorily deducted from wages.

Because of its iron ore resources Liberia ranks second among the world's producers. Its exports from July 1978 to June 1979 totaled 20 million tons, a decrease in relation to the corresponding preceding period, with a value of $286.4 million (+10.6 percent because of the price rise). In July a contract to supply ore was concluded with Pakistan, to supply the Karachi steel mill.

Independently of their aid to the equilibrium of the balance of payments and food aid of rice, the United States strengthened their private investments in Liberia. Moreover, the International Monetary Fund in September granted a drawing facility of 65 million DTS [expansion unknown] to contribute to the recovery of the Liberian economy.

Sierra Leone: the Importance of the Mining Sector

Sierra Leone possesses varied mining resources: iron ore, bauxite and diamonds. Although the extraction and shipping of iron ore are conditioned by the European steel situation, the exploitation of bauxite heaps has been increasing appreciably for the last 10 years. As for diamonds, they are in first place among exports as far as value is concerned.

During the year Sierra Leone benefited from several loans from the French Central Fund for Economic Cooperation [CCCE] and the International Finance Corporation [IFC] for a total amount of 12.5 million leones (1 leone = about 4.1 French francs).

A French cement group has acquired a 40-percent interest in the entity that will develop the Freetown clinker-crushing unit (120,000 tons per year).

[30 Jan 81 pp 235-37]

[Text] Central Africa

Cameroon: an Economy Radically Transformed by Oil

The Cameroonian economy, which until recent years was basically agricultural, changed radically with the advent of oil, production of which has gone from 800,000 tons in 1978 to 1.4 million tons in 1979 and will probably exceed 2.8 million tons for 1980. Cameroon has become an exporter of crude, and the chronic foreign exchange deficit, after fiscal year 1979-1980, was virtually absorbed with a negative balance of only 5 billion CFA francs, against a record deficit of 51.5 billion for the preceding fiscal year.

In the course of the year two new offshore natural discoveries were announced, located respectively 8 and 15 km from the coast in the southwest area of the Douala waters.

In March, the National Hydrocarbons Company (SNH) was formed with capital of 1 billion CFA francs; this public institution, by managing the state's interests, is to contribute to developing the oil riches. Then, in July, the Company for the Study of Developing Cameroonian Natural Gas was founded, with the above-mentioned National Hydrocarbons Company and the four oil firms operating in Cameroon, to build a liquefaction plant in Kribi after 1983 (expected date it will begin activity, 1987). Between now and then the crude refinery at Point Limboh, beyond Victoria, will go into service this year, 1981.

Although the primary sector is still the traditional element in the economy, Cameroon in his recent years has strengthened its industrial potential (edible oil refineries, a sugar plant, a cellulose production program, aluminum, refining). In 1979 the industrial activity index rose 18.6 percent, oil playing an approximately 65-percent role in the total turnover.

With 564,000 tons of exports of rough and finished lumber, forest exploitation accounts for 11 percent of total exports for the year 1979.

The budget for fiscal year July 1980-June 1981 was set, in balance and based on the country's own resources, at 246 billion CFA francs (an increase of 31.8 percent over the year before); it includes 82.8 billion for investment expenditures (against 57 billion). The growth of the gross domestic product for fiscal year 1979-1980 was calculated at 19.8 percent.

As of 30 June 1979 the foreign debt accounted for the equivalent of 238.5 billion CFA francs, including an unused 52.2 billion of available margin. Since independence, Cameroon has been the beneficiary of broad international aid, the accumulated air totaling 450 to 460 billion CFA francs.

The achievements of the Fourth Development Plan showed a slowdown that will be difficult to catch up on. Mediocre results were recorded for cotton, medium results for cocoa, better results for the palm groves; in the sector of industry, mining and energy, approximately 50 percent of the programs were executed.

With regard to infrastructures, apart from the straightening and modernization of the railroad between Douala and Yaounde, the whole program includes building a modern road between Douala and Yaounde, the financial plan for which (62.1 billion CFA francs) was completed in May with international lenders.

Chad: a Weak Economy

The armed fighting between various groups ended with the de facto seizure of Chad by Libya, a situation whose developments cannot be evaluated at present.

The economy is weak and Chad is no longer Africa's foremost cotton producer. From 174,000 tons for the 1975-1976 season, the cottonseed harvest fell to 88,000 tons for the 1979-1980 season, 35 percent below the year before. Forecasts for the present season are unfavorable.

No indication has been furnished on the condition of the public treasury for three years; their state of depletion requires a foreign influx that Libya will have to assume in the beginning.

The 1978-1981 Five Year Plan, which involved 226.8 billion CFA francs in investment, 151 billion of it expected to come from foreign air, must be considered null and void.

Central African Republic: French Aid is Essential

Putting the Central African economy in order again will require the sustained effort and the significant support of foreign aid, especially on the part of France.

The 1980 budget, established within a necessary austerity framework, was set at 25.4 billion CFA francs (1.8 billion below the preceding budget); fed partially by foreign balance subsidies (to 18 percent), expenditures include 4.6 billion for taking care of the debt.

Early in the year the International Monetary Fund granted special aid of 4 million DTS in support of the economic programs for 1980. In addition, during the third quarter the EEC granted aid consisting of 49 million units of account (14 billion CFA francs) and the sponsors' group decided in favor of granting new aid, with increased participation by Iraq. Gabon also opened a credit of 1 billion CFA francs to finance investments by its nationals in Central Africa.

The 1980-1981 Interim Recovery Plan set up 45 billion in credits, the actions being oriented mainly toward agriculture, which includes 80 percent of the population and accounts for the majority of the exports (cotton, coffee and tobacco). The planned actions take up some of the actions written into the Third Five Year Plan (1976-1980), which was revealed to be too ambitious and which after three years of execution achieved only 17 percent of the action that had been programmed.

In 1979, production of uncut diamonds rose to 314,000 carats; 300,000 carats were exported, representing a value of 7.8 billion CFA francs. Production in the first half of 1980 was calculated at 174,000 carats (+12 percent), worth 5 billion CFA francs, including 1 billion in taxes to benefit the budget. No progress was shown toward the eventual exploitation of the uranium ore deposit at Bakouma.

A raise of the guaranteed minimum wage rate occurred on 1 May 1980.

Gabon: the Beginning of Recovery Within a Framework of Financial Strictness

The cooling off--and in some branches, the crisis--that affected the Gabonese economy beginning in 1977, after the period of euphoria and uncontrolled expansion, was taken advantage of by the Libreville government to make a better choice, in terms of the International Monetary Fund recommendations, of centers for future development by concentrating on gradual reduction of the foreign debt, in order to gain favorable reception from foreign lenders. Early results were achieved, greatly facilitated by the contribution of the profit from oil taxation.

Thus the outstanding foreign public debt, which represented the equivalent of 575 billion CFA francs at the end of 1977, was reduced to 440 billion at the end of 1979 and was 365 billion at the end of 1980. The domestic debt was the object of a moratorium and an adjustment of the payment period.

The gross domestic product for 1980 should reach, in real terms, the level of 720 billion CFA francs reached in 1977, after a decline to 539 billion in 1978 and 598 billion in 1979.

The general balance of payments, in deficit by 44 billion CFA francs for 1978, became positive again by 10 billion for 1979 and should be very largely surplus in 1980, thanks to the commercial surplus (estimated at 300 billion and essentially the result of oil exports).

The inflation rate was brought under control; at the end of 1980 it should be contained within the 10-percent limit. However, rising prices at the point of consumption is still worrying.

Balanced at 313.7 billion CFA francs (-14.3 billion), the 1980 budget included 42.3 billion in loans (63.4 billion in the 1979 budget). Under expenditures, the servicing of the debt was 120 billion (-20 billion) and development actions were endowed with 92 billion in credits.

The financial strictness policy adopted and followed is expressed by the increased available budgetary savings for investment, savings that went from 26 billion CFA francs in 1979 to 60 billion in 1980, with forecasts above 100 billion for each of the years 1981 and 1982.

The 1981 budget was set, greatly increased, at 404.5 billion CFA francs (+90.8 billion) with 136 billion for equipment credits; it provides for 15 billion in recourse to loans.

Oil production increased to 9.8 million tons in 1979; after stabilizing in 1980, extraction should gradually decline beginning in 1981-1982, except for new and important discoveries (in September, Elf-Gabon announced that two deposits had been located). In 1979 oil accounted for 70 percent of the budget and, with 279 billion

CFA francs, it represented three fourths of export revenues. The government is also preparing to define the bases for "after-oil" development.

The 1980-1982 Interim Development Plan totals 800 billion CFA francs (at current prices) in programmed investment, including 300 billion assumed out of public funds and 500 billion to be covered by the private sector (134.7 billion for oil and 38.4 billion by manganese and uranium mining firms).

Following the demand, the Ogooue Mining Company (COMILOG) should increase its extraction and exportation of manganese ore to reach 2.5 million tons, and the Franceville Uranium Mines Company (COMUF) should reach 1,500 tons of metal content in 1980, filling one fifth of the French requirements.

The agricultural situation remains worrisome and Gabon is still a very long way from self-sufficiency.

The two oil refineries, Gabonese Refining Company (SOGARA) and Elf-Gabon Refining Company (COGER), both at Port Gentil, are processing between them only about one third of the national crude.

The financial situation of the Gabonese Cellulose Company (SOGACEL) and the Upper Ogooue Sugar Company (SOSUHO), which meet domestic needs mainly, necessitated the granting of budgetary subsidies and capital reduction measures. On 1 April a general wage raise was decided upon.

The Congo: Recovery, Thanks to Oil, and Measures to Reorganize Public Companies

The economic and financial situation in the Congo improved, thanks to oil, taxes on which went from 15 billion CFA francs in 1978 to 20 billion in 1979 and 40 billion in 1980. From 2.7 million tons in 1979, oil production should exceed 3 million tons in 1980 and, with recent discoveries, the level of extraction should be 5 million tons in 1981, to reach 8 million before 1990. During the years 1981 and 1982 the oil investment progra involves 100 billion CFA francs.

The 1980 budget, initially set at 86 billion CFA francs (+25.5 percent), was revised in the course of the fiscal year and raised to 127 billion; revenues include 58.7 billion in oil taxes (taxes and duties on profits); under expenditures are 18.2 billion to service the debt and 16.4 billion for investments. The 1981 budget, with 160 billion CFA francs, shows a strong increase (+43 billion); investment credits, also appreciably increased, are up to 48.2 billion.

During the year the affluence of the public treasury made it possible to resume regular payments on the balances of the civil service and settle the arrears owed to the suppliers.

After too long a period of substantial loss, the government was concerned with curing the lack of productivity on the part of the industrial firms in the socialist state sector. Recovery measures, involving the budget taking care of liabilities, tending to improve profitability, were taken in connection with several entities--those most deficient.

As for the private sector, it continues to encounter serious difficulties because of an irregular energy supply, shortcomings of the Congo-Ocean Railroad, unexpected work stoppages and supply irregularities.

In the state's socialist sector, 1980 was marked by decisions to set the Congo Glassmaking Company (SOVERCO) in motion again and start up the Italo-Congolese Outfitting and Fishing Company (SICAPE) again; both are at Point Noire. In February a contract was concluded with the engineering company TECHNIP [expansion unknown] to renovate the Point Noire oil refinery, which has a processing capacity of 1 million tons of crude per year and was built between 1973 and 1978, but has never gone into operation (cost: 34 billion CFA francs). The textile unit Congo Patterns (state interest, 30 percent) is experiencing satisfactory activity.

In 1979 the sales of the Congolese Lumber Office totaled 4.8 billion CFA francs (+0.2 billion over 1978). Also in 1979, French purchases of Congolese oil represented 551 million French francs.

During the year the African Development Bank granted loans totaling 10.8 million units of account (2.9 billion CFA francs) to straighten the Congo-Ocean road and develop palm groves.

It is not widely known that the Congo's foreign debt is evaluated at the equivalent of 88 billion CFA francs, not including 79 billion in guarantees furnished in favor of state-owned companies. The entire foreign and domestic debt is estimated at 250 billion CFA francs, a considerable volume considering the productivity of the Congolese economy.

The 1980 program, which is preliminary to the future Development Plan still to be drawn up, involved 89.7 billion in investments, including 33.1 billion entrusted to the state, 7 billion in self-financing of publicly-owned firms and 45.5 billion in foreign aid (obtained to a limit of 40 percent).

Equatorial Guinea: a Difficult Revival

The budget for fiscal year April 1980-March 1981 was set in quasi-balance at 2 billion ekweles (1 ekwele = about 0.03 French francs). Balancing the economy will require serious efforts to regain a production of 40,000 tons of cocoa and 300,000 tons of lumber.

During 1980 diversified aid was dispensed by Spain, the International Monetary Fund (5.5 million DTS in support of the economic stabilization program), the EEC (3 million units of account, or $4.2 million, to revive the economy), the African Development Bank (500,000 units of account to modernize Bata International Airport), etc. Indications of oil have been recognized off the coast.

Sao Tome et Principe: International Aid

Basically agricultural, the economy of the archipelago of Sao Tome et Principe rests on cocoa, production of which, of good quality, is around 8,000 tons. French aid was strengthened and international aid also was increased. The African Development Bank granted a loan of 1 million units of account to enlarge and modernize the Sao Tome International Airport.

Zaire: the Effects of Applying the Mobutu Plan are Still not Very Perceptible. The Condition of the Foreign Debt is not Facilitating the Granting of Credits for Starting up Again

Zaire's economy is still a long way from the hoped-for recovery and the effects of applying the Mobutu Plan (3.7 billion in zaires-currency over three years) are still nearly imperceptible. Agricultural production continues to decline; the country is no longer an exporter of palm oil; however, shipments of 1980 coffee will pick up again.

For 1980, GECAMINES' [General Quarries and Mines Company] production should be figured at 420,000 tons of copper (+50,200 tons over 1979) and 14,400 tons of cobalt (+400 tons); 1979 sales brought a profit of $572 million for copper and $783 million for cobalt.

For lack of raw materials and replacement parts, the manufacturing industry is utilizing only 30 to 40 percent of its capacity; the declines are especially significant in the textile industry, the cement works and the brewery in the agro-food industry.

With mining products, the balance of foreign trade is positive: +$612 million in 1979 (against +$551 in 1978). The deficit in the balance of payments, -$324 million in 1979, is estimated to be -$248 million for 1980.

The crucial problem is still the foreign debt; it has accumulated rashly and servicing it in 1980, not counting the arrears, represented 26 percent of the value of the exports of the preceding year; this percentage would be likely to reach 33 percent of the 1980 exports. As of 30 June 1980 the outstanding foreign debt represented $4.7 billion, $0.9 billion for arrears in annuities and interest and $0.6 billion for commercial arrears. The accumulation would represent 100 percent of the gross domestic product.

After the two adjustments obtained from foreign creditors in June 1976 and November 1977, a new adjustment was concluded in December 1979; the agreements included an extension of the repayment period, a consolidation of the unpaid arrears and a reduction in the interest rate. A new negotiation entered into in December 1980 for consolidation of the bank debt and for obtaining new credits.

The budgetary deficit is chronic. The budget for fiscal 1980 was set at 3.3 billion zaires in income and 3.7 in expenditures. The one for 1981 was set at 4.9 billion in income and 5.6 billion in expenditures.

A new devaluation of the zaire-currency occurred on 22 February 1980, following the preceding devaluation of 27 August 1979. The new parity amounted to 0.2625 DTS, or about 1.44 French francs (against 0.365 DTS, or about 2.04 French francs).

Oil production (1 million tons in 1979), thanks to recent discoveries in the marine area, should be 1.4 million tons in 1980.

Franco-Zairean trade shows a deficit for France: -78 million French francs in 1979 (against -153 million in 1978).

Despite the tax advantages made possible by the Investment Code, contributions of foreign capital are still few and far between.

The inflation rate, which was brought down to 6.6 percent for 1979, thanks to the successive devaluations of the national currency, during the first half of 1980 registered a new upswing.

When all is said and done, despite the country's enormous resources, economic and financial recovery remain dependent upon actions being at the same time stricter and more determined.

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[Text] East Africa

Kenya: Poor Prospects for 1981 and the Search for Foreign Investment

The year 1980 did not produce the expected recovery for Kenya, and prospects for 1981 remain poor. The growth rate was established in 1979 at current terms at 3.1 percent, the lowest level since 1977, when it was 8.8 percent; taking the demographic growth into account, per capita income showed a 3-percent reduction, whereas the 1979-1983 Five Year Plan, which was drawn up with a growth objective for the gross product of an average of 6.3 percent per year, was supposed to result in improving the per-inhabitant income by 2.8 percent per year (the population increase being estimated at 3.5 percent per year).

The budget for financial year July 1980-June 1981 was set at 6.3 billion Kenyan shillings in revenue (-0.6 billion below the preceding budget) and 7.5 billion in expenditures (-0.1 billion). Moreover, 1 billion shillings from foreign resources were assigned to the investment credits (1 Kenyan shilling = about 0.6 French francs).

Already on the decline, industrial activity continues to be slow. Kenya's economy rests mainly on exportation of coffee and tea and on sugar production. Development activity involves production of soluble coffee from a Robusta variety, establishing new tea processing units and expanding the sugar industry.

A loan of 1.4 billion Kenyan shillings was allotted by the World Bank to increase the capacity of the Muhoroni sugar plant and to put in order all sugar activities under the aegis of the Kenya Sugar Authority. Kenya is very anxious to receive foreign investment.

Apart from significant food aid from the United States to partially remedy the food shortage caused by the drought, Kenya benefited during the year from increased German aid for equipment purchases, and in October from a credit of 241.5 million DTS to support the development programs. Financial aid from Arab countries has amounted to $261.7 million since 1974. EEC aid for the period 1980-1985 was set at $211 million.

Uganda: an Urgent Appeal for International Assistance

Uganda's economy is still weak; it is supported by cotton and coffee, which, with 137,000 tons in 1979, furnished 97 percent of export revenue.

The budget for fiscal year July 1980-June 1981 was set at the equivalent of $1 billion in revenue and $1.3 billion in expenditures, the provisional deficit, -0.3 billion, being about the same as that forecast in the preceding budget.

The trade deficit is reflected, despite the contribution of foreign aid, in the fall of the exchange reserves. To put the economy in order again, foreign investment is being solicited; an agreement has already been concluded with Canada to put the Kilembe copper-cobalt deposit into exploitation.

For the year 1980, Great Britain doubled its financial assistance, bringing it to 4 million pounds sterling, and food aid contributed to the subsistence of the population of Karamoja, which was seriously affected by famine.

Tanzania: Among the Most Important Beneficiaries of International Aid

Tanzania's balance of payments for fiscal 1979-1980 shows a deficit of 2 billion Tanzanian shillings (1 Tanzanian shilling = about 0.56 French francs), against 1.1 billion for the previous fiscal year. As of 30 June 1980 the national domestic debt amounted to 2.9 billion shillings, greatly increased over the end of June 1979.

The foreign trade deficit for 1979 was calculated at 5.2 billion shillings, triple that of 1978; this imbalance inspired measures to limit the granting of import licenses.

The budget for fiscal July 1980-June 1981 was set at 16.4 billion shillings in income (+ 12 percent over the previous budget); expenditures include 7 billion in investment credits (-2 percent).

The 1981-1985 Five Year Plan should result in national income being increased from 42.3 billion to 56.6 billion shillings in 1986 and, over the same period, an improvement in the per capita income of about 13 percent.

During the 1979-1980 season agricultural production registered a decline; forecasts for the 1980-1981 season involve the following tonnages: sisal, 127,000 tons; cotton, 78,600 tons; coffee, 57,600 tons; tobacco, 19,200 tons; cashew nuts, 94,000 tons; tea, 16,000 tons; cloves, 15,000 tons. Sugar production is estimated to be 130,000 tons (+15 percent) and will still be inadequate to meet the domestic demand (200,000 tons). The Sugar Development Corporation (SUDECO) expects to bring its sugar production to 400,000 tons in 1980.

Tea exports, which in Tanzania currently furnish 4 percent of its foreign currency revenues, shoul reach 25,000 tons in 1985 and represent 1 percent of the world's production. A program to develop sisal plantations has been perfected; fiber exports yield 4 billion shillings per year.

From 1971 to 1980, production in the industrial sector fell about 50 percent. Among projects for development are the expansion of the Dar-es-Salaam refinery, which was created in 1966 by the Italian government group, ENI [National Hydrocarbons Agency]; the refinery will have a capacity of 750,000 tons of refined products per year, and the decline in its production is accentuated from one year to the next because of the aging of equipment. Another project is the exploitation in 1981-1982 of the Minjingu phosphate deposit in the Arusha region (with Finnish participation).

In July, the Musoma Mill (MUTEX) textile unit began operation with a production potential of 22 million meters per year. It will utilize 35 percent Tanzanian cotton and its construction (6 billion shillings) has benefited from technical aid from the Mulhousian Schaeffer Group.

In May the monopoly on imports was reserved for 14 state organisms, and the assets of the British Lonrho Group, which were nationalized at the end of 1979, were divided between 19 state-owned organizations.

The state's hold on underground resources was strengthened. Natural gas exploitation prospects (a deposit of 30 billion cubic meters in Songo-Songo, discovered in 1974) would make it possible to manufacture fertilizer (Indian participation). Prospecting has revealed nickel and copper ore in the Northwest, a region bordering on Burundi, and very important deposits of iron ore.

The deterioration of the national treasury is blocking development, and Tanzania is still discussing with the International Monetary Fund ways of granting new aid.

Tanzania is among the largest beneficiaries of international aid, which accounts for an average of $600 million per year. Among the aid received in 1980, Algeria provided 160 million shillings, an intervention that is to form a model for action in favor of the poorest countries, and China is included, for $13 million per year in the form of a loan intended to bail out the Tanzania-Zambia (TANZAM) Railroad, which is in near bankruptcy. The United States are also donors, contributing to the development of food production.

Tanzania is soliciting investment of foreign capital. To that end, tax advantages are being granted and the guarantee of free transfer is being recognized.

Zambia: Copper Dominates the Economy

The Zambian budget for the fiscal year April 1980-March 1981 was set, in balance, at 848 million kwachas, an increase of 28 percent over the previous budget (1 kwacha = about 5.6 French francs), the revenues including the proceeds from foreign loans. The mining sector's contribution to the gross domestic product represented 4.1 billion kwachas in 1979, a decline from 1978. With copper selling at higher prices, the financial situation of the two mining companies was improved; exports of the Nchanga Consolidated Copper Mines (NCCM) during the fiscal year April 1979-March 1980 came to 363,800 tons (-5 percent), and those of the Roan Consolidated Mines (RCM) to 178,500 tons (-35 percent).

Foreign trade forecasts for 1980 were established at 0.8 billion kwachas in imports and 1.25 billion in exports, of which 1 million was for sales of copper.

Food crops are still inadequate, and for the third consecutive year it was necessary to import corn in 1980.

The African Development Fund granted a loan of 8 million units of account (the equivalent of 2 billion CFA francs) for partially financing (9 percent) the Nakambala sugar project (whose total cost is evaluated at $21.8 million). The important cane plantation program undertaken within the framework of the Third Plan by the Zambia Sugar Company will make it possible to increase sugar protection by bringing it up to 200,000 tons per year.

Malawi: Gloomy 1981 Prospects

Malawi's operating budget for the financial year 1980-1981 was set at 170.3 million kwachas in revenue (+11.3 percent over the previous revised budget) and 163.5 million in expenditures (+22.5 percent), including 32.6 million to service the debt (1 Malawi kwacha = about 5.4 French francs). Investment credits were increased by 7.7 percent. At the end of 1979 the foreign debt represented the equivalent of 382.8 million kwachas (+31 percent over the end of 1978) and servicing it absorbed 11.77 percent of exports (against 9.85 percent in 1978).

Foreign trade in 1979 was brought to 328 million kwachas in imports (+15 percent) and 190 million in exports (+20 percent); the deficit of 138 millions was 35 percent higher than that of 1978.

With the contribution of 81.7 million kwachas in foreign aid, the 1979 general balance of payments presented a surplus of 3.8 million (against a surplus of 15.3 million in 1978). At the end of 1979, foreign currency reserves represented 3.8 million kwachas, or $[illegible].9 million, 80 percent below the end of 1978.

The economy's prospects for 1981 are rather gloomy. Tobacco is the main export. Under the heading of possibilities for development are a potential coal exploration (reserves evaluated at 38 million tons) and bauxite exploration (28.8 million tons); exploration for uraniferous ores; the plan for production of ethanol by the Gil Company of Malawi (estimated cost $8.2 million, implying foreign financial contributions); and study of a new cement works at Kasungu.

Rwanda: an Economy Supported by Coffee and Tea

At established prices, the growth of Rwanda's gross domestic product was calculated at 6 percent in 1979, slightly higher than the objective of 5.9 percent of the 1977-1981 Five Year Plan.

Thanks to coffee exports, the trade balance for 1979 showed a slight surplus, against a deficit of 3 billion Rwandan francs in 1978 (1 Rwandan franc = 0.047 French francs). Likewise, the general balance of payments showed a slightly positive balance.

At the end of 1979 the domestic debt totaled 3.5 billion Rwandan francs, corresponding to 4 percent of the PIB [gross domestic product], a total below the year's exports.

The 1980 ordinary budget was set, in balance, at 11.2 billion Rwandan francs (+22 percent) and the development budget was set at 2.2 billion; its source includes 1.2 billion in domestic loans.

The economy depends on coffee and tea; coffee exports for 1980 will be about 24,000 tons (-6,500 below 1979), estimated revenues being 7.3 billion Rwandan francs (-4.5 billion). Production of manufactured tea will represent 6,100 tons (against 5,800 tons in 1978). The Rwandan Tea Production and Marketing Company (SORWATHE) is to double the capacity (from 1,300 to 2,600 tons) of its processing plant in Cyohoba-Rukeri.

Despite measures to increase coffee and tea production, the economy is stagnant. In the course of the year Rwanda benefited from diversified foreign aid, including emergency food aid.

Burundi: Development Centered on Agro-Food

Burundi's budget for fiscal 1980 was set at 14.6 billion Burundian francs, including 4.6 billion in investment expenditures; it includes a provisional deficit. (1 Burundian franc = 0.05 French franc).

In 1979, production of Arabica coffee was improved by 16 percent. Early in June, the Bujumbura Textile Complex (COTEBU) unit went into operation, with Chinese assistance; it has a production capacity of 9 million meters of cloth per year.

An African Development Fund loan of 8 million units of account (corresponding to 2 billion CFA francs) will reinforce the means to finance the development of the Ruzizi Valley. Aid from the Arab Bank for African Economic Development (BADEA) will contribute to the development of the sugar refinery industry by establishing a sugar refinery in the Mosso region, in the southeastern part of the country.

In addition, Burundi is basing serious hopes on eventually exploiting nickeliferous ore deposits in the Musongati region, whose reserves would be sufficient for 20 years of activity.

Ethiopia: an Economy in a Slow Recovery

A relative lull in Ethiopia has made possible the slow recovery of a ruined economy. The deficit in the trade balance has been brought down from 442 million birrs in 1978 (1 birr = about 2.1 French francs) to 317 million in 1979, or $153 million. Thanks to foreign aid, the general balance of payments as of 30 June 1979 showed a surplus balance of 78 million birrs ($38 million).

Also as of 30 June 1979, the foreign debt amounted to 1.2 billion birrs ($586 million), 50 percent of which is owed to the World Bank.

Coffee is the main resource, accounting for 70 percent of the exports with a value for 1979 of 605 million birrs ($292 million). A coffee-tree growing development program has also been undertaken on the high plateaus.

African Development Fund aid has been given to develop tea production ($9 million).

During 1980 Ethiopia was the beneficiary of diversified international aid and European aid consisting of grain and skim milk, the grain shortage having been figured at 358,000 tons.

Somalia: an Economy Still in the Pastoral Stage

The inflation for 1979 in Somalia was 19 percent. Also in 1979, the balance of trade caused a deficit of over 1 billion Somali shillings to appear, or the equivalent of $140 million (1 Somali shilling = about 0.70 French franc).

The general balance of payments for 1979 showed a surplus balance representing $8 million, thanks to foreign aid, four fifths of which came from Arab oil-producing countries.

At the end of 1979, foreign assets amounted to $150 million, and servicing the debt absorbed about 7 percent of exports in 1979.

During 1979, French purchases of Somalian products totaled 15 million francs, and French sales were calculated at 31 million.

As a matter of priority, foreign aid was devoted to the programs for consolidating agricultural complexes. During the year the International Monetary Fund granted a facility of 11.5 million DTS in support of the financial recovery program.

In September, the Juba sugar refinery went into service; undertaken in 1977, the sugar complex will be completed in 1984, and its potential of 70,000 to 100,000 tons of sugar will make it possible to meet the population's needs.

Under infrastructure projects is the Bardera Dam and hydroelectric power plant, the cost of which is evaluated at $500 million and for which foreign financing is being sought. An important subsidy has already been granted by the EDF [European Development Fund].

Djibouti: Important Arab Aid

The 1980 budget of the Republic of Djibouti was established in balance at 12.1 billion Djibouti francs (1 Djibouti franc = 0.025 French franc). As in 1979, important aid was granted by the Arab oil-producing countries, especially by Iraq, for the most part in the form of gifts.

In June, the satellite telecommunications ground station at Ambouli went into service; the 25-percent capital share held by France Cables and Radio was transferred to the Republic of Djibouti, which brought all the activities together.

The Djibouti port development program aimed at building a container terminal for a cost of ? billion Djibouti francs, is being partially financed by West Germany and Saudi Arabia.

Indian Ocean

Madagascar: a Deteriorating Financial Situation

Madagascar's general budget for fiscal 1981 was set at 267.2 billion Malagasy francs (a decrease of 10.4 billion) and investment credits were fixed at 8 billion.

Execution of the 1978-1980 Three Year Plan is bringing about increased equipment imports and exacerbation of the deficit in the balance of trade. Trade for 1979 involved 135.3 Malagasy francs in imports (+35.8 percent) and 83.8 billion (-3.9 percent) in exports, which were rather poorly diversified and were basically agricultural products. The deficit increased considerably, going from 12.4 billion in 1978 to 51.4 billion. For the same reason, the negative balance of the general balance of payments became heavy, at 158.6 million DTS, against 2.5 million in 1978.

Also for 1979, the growth of the gross domestic product was established at 10.3 percent in actual value, and the inflation rate reached 14 percent, against 6.5 percent in 1978.

The overall foreign debt increased, going from $580 million at the end of 1979 to $690 million as of 30 June 1980; it will probably go to $1 billion at the end of 1981. Its cost, which accounted for 25 percent of 1979 exports, will be 28 percent in 1980 and 30 percent in 1981.

Much international aid is being granted, especially French aid, which is established at 7.5 billion Malagasy francs for 1981. In June, the International Monetary Fund granted two credit facilities, the first for 64.5 million DTS in support of the 1980 and 1981 development programs, and the second for 29.2 million as a mechanism for compulsory depreciation financing of the 1979 export revenues.

The 1979-1980 rice season furnished 244,000 tons. A plan for reviving cotton production was drawn up, with an objective of 65,000 tons for 1985.

Under the heading of industrial developments to be realized in the near future are: the Southern Madagascar Textiles (SUMATEX) unit at Toliara, at a cost of 6.5 billion Malagasy francs (completion in April 1981); expansion of the Bata-Malgache plant (11 billion), in which the state's capital share was raised to 34 percent; the Antsirabe cement works, on which construction is in progress (4.5 billion); the soy oil refinery at Antsirabe, which will be operational in 1982, with a production potential of 12,000 tons of oil per year, etc.

In 1982, the large Andekaleka Dam (30 billion Malagasy francs) will be completed; the energy supplied will make it possible to supply a steel mill at Moramanga (estimated cost 29 billion) and beginning exploitation of the nickeliferous ore deposits (25 billion Malagasy francs), with the participation of South Korea.

Among the projects under study are a new cement works at Solara-Toliara, with a capacity of 500,000 to 1 million tons per year; an important paper mill in Mahatsiatra (12 billion); and the prospect of exploiting bituminous sandstone heaps, which at Bemolanga are estimated to be between 2 and 3 billion tons; the heavy edible oil deposits at Tsimiroro, evaluated at 9 million tons.

Taxation was strengthened by the 1980 finance law, which brought the tax rate on company profits to 45 percent. Measures were taken to put state-owned companies in order with a view to remedying their poor management and improving their productivity.

Comoro Islands: Intensified French Aid

In the Comoro Islands, climatic disturbances affected the 1980 clove and vanilla harvests (165 tons against 190 in 1979); the Comoro Islands are the second largest producer in the world after Madagascar, the product being, moreover, of first quality. The primary sector (agriculture and fishing) had a 40-percent share in forming the gross domestic product.

The operating budget for fiscal 1981 was set at 3.2 billion Comorian francs (+12.9 percent over the previous operating budget), with a 1.5-billion recourse to foreign aid. The equipment budget was set at 940 million Comorian francs (the Comorian franc corresponds to the CFA franc) and was supplied essentially by foreign aid: the EEC, China, Kuwait, etc. French aid has been intensified since 1979, to support economic and social development measures.

BADEA granted a loan of $8 million to expand the port of Mutsamudu, and the African Development Fund intervened in the financing of the modernization of self-employed fishing.

Mauritius: Sugar Production Affected by Cyclones Necessitated Diversification

The Mauritian economy is still dependent on sugar, the contribution of exported manufacturing products still being inadequate. The 1979-1980 sugar season furnished 687,000 tons; exports totaled 645,000 tons, including 507,500 tons to the EEC (Great Britain, 64.9 percent; France, 7.3 percent), the United States accounting for 8.8 percent of the total shipments. The 1980-1981 season, affected by the cyclones, will amount to under 500,000 tons.

Foreign trade for 1979 involved, in value, 3.4 billion Mauritian rupees in imports and 2.1 billion in exports (1 Mauritian rupee = about 0.57 French franc); the 1.3-billion deficit is 19 percent than the balance of trade deficit for 1978 (1.1 billion).

Also in deficit (-0.7 billion), the fiscal 1980-1981 budget was set at 3.1 billion in revenue and 3.8 billion in expenditures, including 1.5 billion in investment credits. Servicing the debt absorbs 20 percent of the tax revenues.

In September the International Monetary Fund granted a facility of 35 million DTS over a period of 12 months for equipment purchases, against a commitment to limit the deficit in the general balance of payments to the equivalent of 75 million DTS and to lower the inflationary spiral.

Partial financing of the dam and hydroelectric power plant under construction in the northeastern part of the Island is being provided by the European Investment Bank and loans from the Arab oil-producing countries.

The Seychelles: an Economy Centered on Tourism

The economy of the Seychelles is the beneficiary of contributions of foreign currency procured by tourism. The reception equipment is strengthened by the building of a state-owned hotel, financing for which is being partially covered by the EEC and a subsidy from the French Aid and Cooperation Fund. A 1977-1981 Five Year Plan implemented; no indication of its state of advancement was furnished.

Southern Africa

Zimbabwe: Liberal Option Maintained and an Appeal for Foreign Investment

In Rhodesia, before the independence of Zimbabwe, the growth of the gross domestic product had been calculated in 1979 at 12 percent at established prices. Foreign trade showed a deficit of 190 million Rhodesian dollars (against 178 million in 1978). Rhodesia's Five Year Plan totaled 3.5 billion Rhodesian dollars, at 1979 prices, including 1.2 billion expected to come from foreign aid.

Zimbabwe, which succeeded it, has maintained the economy's liberal option by appealing to foreign investment. The foreign debt left by what was formerly Rhodesia represented the equivalent of 300 million Rhodesian dollars, a slightly higher volume.

The budget for fiscal 1980-1981, the first since independence, was set at 1 billion Zimbabwian dollars in revenue and 1.4 billion in expenditures (+16.4 percent over the previous Rhodesian budget), the deficit of 0.4 billion being about the same as the Rhodesian 1979-1980 budget (1 Zimbabwian dollar = about 7.2 French francs).

The increase in the gross domestic product for 1980 should be 4 percent in actual terms, and the inflation rate should be below that of 1979, when it reached 12.5 percent. Distribution of the dividends of companies to non-resident shareholders was limited to 50 percent of the profits, after taxes.

For 1980, agricultural production forecasts totaled between 1.6 million and 2 million tons, the needs being evaluated at 0.8 million tons. The surplus will be exported to Zambia, Angola and Mozambique. About 30 percent of the production is supplied by the traditional black sector.

Mining production for 1980 is evaluated at 420 million Zimbabwian dollars (+30 percent), with gold and silver predominating. During the year and after independence, Rio-Tinto Zinc announced its intention to inv.st 5 million pounds sterling in its Zimbabwian mining subsidiary. South African investments are evaluated at 1 million rands.

In 1979 the industrial sector contributed 24.8 percent to forming the gross domestic product; this participation should increase in the next few years.

As of 1 July the minimum wage was raised in agriculture, mining and industry.

South Africa: a Prosperous Economy and a Record Trade Surplus

South Africa is enjoying a flawless prosperity. The rise in the price of gold, the increased exports of agricultural products are expressed by a record trade surplus and exchange reserves at their highest level. In 1979, the growth of the gross domestic product was figured at 6.5 percent in actual terms; the improvement for 1980 is estimated at 7.20 percent, also in established terms. In relation to the dollar, the South African rand (about 6 French francs) increased in value during the year by 10 percent.

Foreign trade showed a surplus of 2.3 billion rands in 1979, against 1.1 billion in 1978. Gold supplies 60 percent of the exports. Exports of wool from the 1979-1980 season accounted for 206 million rands (+15 percent) and exports of agricultural products for 1980 are evaluated at 1.8 billion rands (+0.4 percent).

Total sales of mining products were 9.8 billion rands in 1979 (+42 percent, the improvement resulting from the rise in prices), 69 percent of which was gold. Forty-three different ores were exported.

For 1980, the investment volume should register an increase of 13.3 percent for the whole, the volume in the private sector expected to improve by 22 percent over 1979.

Also, monetary reserves are at a record level: $7.7 billion at the end of July 1980. The budget for fiscal year April 1980-March 1981 was set at 13.1 billion rands (+14 percent); it includes recourse to domestic borrowing for 2.2 billion (+32 percent).

At the end of the first half of 1980, the economic situation was satisfactory and prospects for the second half were favorable.

Production of oil from coal is developing and is meeting some of the needs. In October a deep well revealed a natural gas deposit 150 km southwest of Mossel Bay. Studies have been undertaken into exploitation of a gold and uranium supermine near Welkom, in the free state of Orange.

The work on doubling the capacity of the ore tanker port of Richard's Bay will bring its potential for loading coal in 1985-1986 to 44 million tons per year.

Namibia: a Uranium Producer

The Namibian economy is dominated by the mining sector: copper, diamonds and uranium. Rossing Uranium Ltd, a subsidiary of Rio-Tinto Zinc, itself produced at Rossing more uranium oxide than all of South Africa, nearly 5,000 tons per year.

Botswana: the Diamond is the Principal Resource

In 1979, Botswana's diamond exports represented 181 million pulas, a sharp increase. (The pula, whose parity corresponds to the South African rand = about 6 French francs.) Botswana is among the foremost producers of jewelry diamonds. A new mine will begin exploitation in 1982 at Jwaneng.

Foreign trade involved 419 million pulas in imports and 352 million in exports in 1979. The general balance of payments shows a positive balance and foreign currency reserves at the end of 1979 represented the equivalent of 211 million pulas, against 125 million a year earlier. Although the gross domestic product improved in current terms, the inflation rate rose: +14.4 percent in 1979 against +7.5 percent in 1978.

The budget for the fiscal year April 1980-March 1981 was set in excess of 18 million pulas, with 237 million in revenue and 219 million in expenditures, including 72 millions to service the debt. In addition, the development budget was set at 166 million pulas. Over the 1975-1980 period, EEC aid totaled 19 million units of account.

Botswana decided in March to again take charge of its railroad connecting Zimbabwe to South Africa and Zambia, the former Rhodesia to provide the management. But Botswana's actual repurchase of its railroad will require large credits and will have to be spread out until 1985. Work on the new Gaborone International Airport will be undertaken this year, 1981.

Lesotho: an Economy Linked to South Africa

Early in 1980 the maloti, Lesotho's national currency, nominally replaced the South African rand (parity, $1.22). The budget for fiscal 1980 was set at 200 million rands.

In the course of the year uraniferous ore deposits were discovered. The work now in progress on the new Maseru International Airport will probably be completed at the end of 1983. The economy remains linked to that of South Africa in every way.

Swaziland: Persistent Inflation

Over the period July 1978-June 1979, the rate of inflation was 12 percent in Swaziland; according to the forecasts, the level is likely to rise even higher to 15 percent in the following 12 months.

The budget for fiscal year April 1979-March 1980 was set at 115 million emalangeni in revenue (the lilangeni--emalangeni in the plural--is tied to the South African rand), and at 169 million in expenditures. The provisional deficit, 54 million, was higher than in the previous budget (29 million).

Angola: a Still Precarious Economic Situation, Despite the Growing Contribution of Oil

Angola's economic situation is being reestablished very slowly, despite the growing contribution of oil, whose 9-million-ton production should double in 1985 when deposits discovered in recent years are put into exploitation. The Angolan National Oil Company (SONANGOL) at the end of 1980 began production at the new Soyo II deposit in the northern part of the country. In July Elf-Aquitaine obtained a contract for offshore exploration and exploitation in case a discovery is made; American firms, however, are still very much present.

The state's agricultural domain is encountering difficulties in reaching the production objectives that were assigned to it. For 1980, coffee exports are evaluated at 48,000 (-20 percent), or one quarter of 1973 coffee exports; export revenues for 1980 are estimated at 160 million kwanzas (1 kwanza = about 0.15 French francs).

In 1979 the Angola Diamond Company (DIAMANG), 77 percent of whose capital is held by the state, exceeded 1 million carats (700,000 in 1979); the 1980 production should reach 1.5 million carats.

France is one of Angola's important suppliers; its sales for 1980 will probably be 500 million francs; however, the Eastern countries still occupy first place in Angolan foreign trade.

The Benguela-Lobito Railroad was technically reconditioned to provide removal of the cooper ore from Shaba and Zambia, but security problems continue to arise.

In March the Angola Manganese Company was nationalized; the accumulated exploitation losses exceeded the capital.

Mozambique: a Timid Turn Toward the West

Mozambique's budget for fiscal 1980 was established at 15 million contos in revenue and 37 million in expenditures (+61 percent), including 20 million in equipment credits (the conto = 1,000 Mozambican escudos = about 150 French francs). Since 15 June 1980 the new currency, the metical, has replaced the Mozambican escudo (1 metical = 0.15 French franc).

Foreign trade for 1979 totaled 18.6 billion meticais and 8.3 billion in exports (the metical defined on the basis of 33 units for 1 dollar). The principal exports are cashew nuts, cotton, sisal, copra, tea, sugar and shrimps.

A cotton plan was drawn up, having as its objective a production of 166,000 tons of cottonseed; that production had fallen in 1979 to 50,000 tons. The sugar industry is running into many troubles, chiefly because of the lack of equipment and replacement parts; the contribution of cane, however, has been more regular and more significant since 1979.

In the agricultural sector, the state-owned firms were dissolved and their activities, which were reorganized and placed under better control, were divided among the more specialized organizations.

A plan to enlarge the Cabora-Bassa hydroelectric power plant is under study. Built in 1967 and partially financed by France, West Germany and South Africa, the plant supplies South Africa with energy in addition to filling Mozambican needs.

After having for years, since independence, centered its development on assistance from the Eastern countries, Mozambique is now turning more toward the West. Trade

Trade with France shows a surplus in favor of France, with nearly 138 million francs in French sales in 1979, against 53 million in purchases of Mozambican products.

8946
CSO: 4400

INTER-AFRICAN AFFAIRS

RESULTS OF KAMPALA SUMMIT 'LIMITED BUT CRUCIALLY IMPORTANT'

London AFRICA in English No 114 Feb 81 pp 12, 13

[Text] 'WE were the stone that was thrown away. Now, we may be the cornerstone of a new spirit of understanding in East Africa', laconically remarked Wilson Okwenje, Uganda's Minister of the Public Service and Cabinet Affairs, on the eve of the historic summit held in Kampala during the middle of January. The summit, hosted by President Milton Obote and attended by Presidents Daniel Moi of Kenya, Julius Nyerere of Tanzania and Kenneth Kaunda of Zambia, marked the re-entry of Uganda into the orbit of African diplomacy as it heralded a new era of co-operation among East African states.

It was an emotion laden affair: President Kaunda of Zambia knelt down with President Obote to pray on the apron of Entebbe Airport as he arrived. Crowds reached near hysterical points when President Nyerere — 'our liberator' — greeted them at Kololo airstrip in downtown Kampala. With evident emotion, President Moi told his colleagues that the best gift that they could give Uganda in 1981 would be to help Ugandans 'to realize the freedom they won nearly 20 years ago'. President Obote turned to his brother Presidents and promised that he would follow Kenya's policy of *Harambee* (pulling together), Zambia's humanism and Tanzania's self-reliance.

In their one-day meeting the Presidents discussed issues of reactivating cooperation between their countries. At a press conference after the meeting, President Obote outlined five areas in which they had reached common agreement. First, they all realized the need for nation building as an essential prerequisite to regional cooperation. It is in this context that they pledged to help in the process of national reconstruction in Uganda.

Secondly, they discussed security and peace in the region as well as in each state. According to sources, an important consideration was the security of Uganda which is still threatened by remnants of Amin's forces in neighbouring countries. It is anticipated that the four leaders will seek the cooperation and agreement of Sudan and Zaire in this regard.

Perhaps, the most central issue of their parley evolved around the East African Community (EAC) which was consummated in the Kampala Declaration of 1969. Defunct since 1977, the highest authority of the EAC consisted of the Presidents of Kenya, Tanzania and Uganda. The distribution of its assets and liabilities has been a major source of misunderstanding between the three member-countries.

In Kampala, however, a way out of the impasse seems to have been found. The meeting agreed that Presidents Moi, Obote and Nyerere should reconstitute the East African Authority which would make a fresh appraisal of the assets and liabilities of the EAC. Ministerial commitees of the three countries would be established to look into the disposal of the assets of the EAC.

Although there was no firm commitment in Kampala to re-constitute the EAC, it was evident that a new political will had been established to produce new and greater forms of cooperation in the region. Perhaps, the leaders needed more time to consider what structures of East African cooperation could be set up, especially in view of the fact that each of the three countries had entered into new alliances since 1977. Tanzania and Zambia, for example, already belong to another regional grouping, the Southern African Development Co-ordination Conference.

Fraternity

Another item that the Presidents discussed concerned the East African Shipping Line which belonged to their four countries. They decided to meet again to consider reports received by ministerial committees of the four countries regarding the sale of shipping vessels and other assets. 'There was no disagreement', President Obote said, adding: 'our meeting was very cordial and brotherly.'

The atmosphere of fraternity was also blended with nostalgia and reminescence. For President Kaunda it was the first time he had visited Uganda since December 1969 when he, and Presidents Nyerere and Mobutu of Zaire, were guests at the famous UPC Delegates Conference at Lugogo Stadium, which adopted President Obote's Common Man's Charter. President Nyerere had not visited Uganda since 1970, while it was President Moi's first visit to Uganda as Head of State.

Presidents Kaunda and Nyerere refused to extend diplomatic recognition to the regime of Idi Amin and since 1971 had little contact with the military dictatorship. Zambia gave considerable material support to the Uganda National Liberation Army in the fight against Amin, while President Nyerere committed a large part of the Tanzanian People's Defence Force (TPDF) in the war against Amin.

The two Presidents, as well as President Obote, belonged to an amorphous group of African leaders, the Mulungushi Club, through which they co-ordinated policies on cooperation and international affairs. It was under the auspices of the Mulungushi Club that the three leaders led Africa's offensive against British military colloaboration with South Africa at the Singapore Commonwealth summit in 1971. And it was during that summit, Amin seized power in Uganda forcing President Obote into exile in Tanzania.

Only a few days before the Kampala summit, President Moi was host to President Obote at a meeting in the Kenyan border town of Webuye, where they discussed bilateral cooperation. It was President Obote's first trip outside Uganda since his return to power. The Webuye meeting established the outline of cooperation between Kenya and Uganda, especially in the fields of transport and trade, as well as stamping out smuggling between the two countries. An immediate result of the meeting was the resumption last month of rail traffic between Uganda and the Kenyan coastal town of Mombasa.

An invisible result of the Kampala summit was, sources say, the easing of the strain in the relations between Tanzania and Kenya, whose common border has been closed since 1977. It is not unlikely that Presidents Obote and Kaunda deployed the confidence that they each enjoy with Presidents Moi and Nyerere to facilitate the emergence of a new chord of understanding between Kenya and Tanzania. It is understood that given the spirit that was forged at the Kampala summit, it may not be long before the Kenya-Tanzania frontier is re-opened.

The mutual suspicion and mistrust that tended to characterize inter-state relations in East Africa is no more. Although the results of the Kampala summit were limited, they were crucially important for future cooperation in the East and Central African region. A political will to work together was re-born. ■

CSO: 4420

KENYA, OTHER AFRICAN TEA PRODUCING NATIONS MAY ACCEPT QUOTAS

London AFRICA in English No 114 Feb 81 pp 97, 98

[Text] SOME African countries, in particular Kenya, are engaging in dynamic expansion programmes of tea production, at a time when tea prices are falling and production is exceeding demand. Although the world market is depressed, Kenyan tea is highly competitive, and the dilemma for the African producers at the tea talks held in Salisbury, Zimbabwe at the end of November has been whether to accept quotas which will restrict expansion in order to bring about united producer action and to boost the price of tea.

World tea prices have now fallen to the level whereby nearly half the total output is being grown at a loss. The 1979 prices reached lows at between 85 and 95 per kilo, and despite a small recovery in recent weeks, 1980 figures are still well below prices that allow producers to meet rising costs. The World Bank predicts that by 1985 tea will have suffered a 21% decrease in its real value.

Low prices are aggravated by high production, and the 1980 world production figure has been estimated by the US Department of Agriculture at a record high of 1.81 million tonnes. This is 2.6% higher than the 1979 level of 1.77 tonnes. While prices have been falling production costs have risen greatly, so that many producers have felt the need to increase production even further in the pursuit of cost-effectiveness. Prices are then further depressed.

An additional threat to the market is the possibility of increasing tea exports from China. Some 52,000 tonnes of Chinese tea sold at low prices in 1979 — and sales, particularly to the US are growing. UNCTAD predicts that by 1984 the supply of tea could exceed demand by 57,000 tonnes, and this figure could continue to rise.

This is the market situation that faces the 'new producers' of Africa. Kenya has the most impressive expansion scheme of tea production, but Tanzania, Malawi, Mozambique and Uganda also produce significant amounts. Kenya currently exports 65,000 tonnes of tea per year and its planting programme has a production target of 100,000 tonnes. The Kenya Tea Development Authority has initiated a system of tea-growing small holders co-ordinated through the government — and the success of this scheme has made other African countries reluctant to accept the export quotas demanded of them by the other tea-producing countries, particularly India and Sri Lanka.

Difficult

The distribution of export quotas was the subject for discussion at the Zimbabwe meeting. The producing countries had already met in May last year and decided upon a 740,000 tonne global quota — but the allocation of quotas in November proved to be as difficult to agree upon as was expected from past experience.

Quotas are generally decided upon using a historical basis — looking at past production figures. But while Indian and Sri Lankan exports are declining, Kenyan exports are increasing and the quotas tend not to take this into account. Unless there is some adjustment in favour of the African countries, quotas could boost the dwindling positions of the traditional producer countries, to the detriment of African producers. However, it was felt that some progress had been made in the discussions — but it remains to be seen just how much compromise is required of the African nations in order to effect agreement.

Benefits

The benefits to the market in general, to be gained from a tea agreement are considerable. One UNCTAD official reported that a 5% decrease in production is estimated to produce a 25% increase in the price of tea. According to UNCTAD this multiplier effect is particularly high for tea, in comparison with other commodities — and can have the opposite effect in that a 5% increase in production causes a 25% decrease in the tea price. If these calculations held true, then higher tea prices could be relatively easily attainable for the tea producers.

But the Zimbabwe talks had a political as well as an economic side. Tea production is highly labour intensive — and the need to keep production high for this reason was felt to cause conflict in the weighing up of the relative importance of price over production. This is a crucial factor for the traditional tea producing countries, India and Sri Lanka, but the Kenyan programme is digging deep into the tea economy, and the labour question becomes an increasingly important political factor affecting the willingness to accept export quotas.

Finally, the producers have to consider their relationship with the consumers. The eventual tea agreement will be a producer-consumer agreement, in accordance with the Integrated Programme for Commodities (IPC) set up by UNCTAD IV in Nairobi (1976). Former colonial ties allow the big multinational tea companies to reap the benefits of a vertically integrated system. Thus, while real tea prices stay low the largest tea company, Brooke Bond has announced total profits for 1979-80 at £37.2m. Furthermore any rise in the price of tea is not absorbed by the companies, who relate their profit margins to the retail price of tea, which has in fact risen substantially in the past year.

With the European markets reaching saturation point, and new markets developing in the Middle East the role of the tea companies is having to undergo certain changes. With this in mind it is all the more important for the tea producers to gain some bargaining power, and to do this a united producer front is required.

If Kenya can effect a compromise with the traditional tea producing countries even though this may restrict the full developments of a hitherto successful tea production programme, then agreements may well be reached when the countries re-convene in May this year. If this is the case then the tea producing countries will be on very much stronger ground when they meet the consumer countries for negotiation in September.■

CSO: 4420

ANGOLA

BRIEFS

REPORTED CHOLERA CASES--The conservative Lisbon newspaper A TARDE has stated that about 12 cholera cases have been registered in Luanda, but that the local press has been ordered to maintain "strict silence" on this issue. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 20 Feb 81 p 447]

CSO: 4400

BENIN

CHINESE ASSISTANCE IN RICE GROWING

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 16 Jan 81, p 138

[Text] The Chinese agro-technical mission, on last 28 November officially handed over as a gift to the State of Benin the rice-growing areas of Malanville [Borgou] and of Deve [Mono]. With the completion of those two areas the program of realizing 1000 hectares in rice cultivation, anticipated as part of the Chinese cooperation, has been completed.

In fact, it was on 30 December 1974 that a protocol of agreement signed between the People's Republic of China and the People's Republic of Benin anticipated on the one hand the development by means of appropriate hydro-agricultural works of 1000 hectares of rice plantations in Benin by the Chinese agro-technical mission, and on the other hand the popularization of the modern techniques of rice culture among the peasants by the exploitation of the developed areas in a primary campaign.

Chinese cooperation was given on several levels:

Development: 516 hectares of rice plantations were developed at Malanville, 150 hectares at Deve.

Agricultural Water Infrastructures: At Malanville, a protective dike 5830 meters long was constructed, 2 pumping stations for irrigation and 1 station for drainage were installed with a total flow of 2.35 cubic meters per second; at Deve a protective dike 1140 meters long was constructed and a pumping station was installed for a total drainage capacity of 0.6 cubic meters per second.

Construction: Granaries, hangers, drying areas and offices were constructed, covering about 3460 square meters at Deve and 10,470 square meters at Malanville.

Exploitation: The Deve area is exploited cooperatively. It has benefited from the cooperation of the Chinese agro-technical mission for the supply of seed, fertilizer and fuel. As for the area at Malanville originally exploited cooperatively, since 1976 it has been operated by the National Irrigation and Hydro-Agricultural Development Company [SONIAH] with the aid of the Chinese.

Training: The Chinese mission took care of the training of many Benin technicians and workers in the Deve and Malanville areas during the time of the works.

Equipment: The Chinese party supplied the two areas with large shipments of agricultural machines, tools and of spare and detached pieces for the exploitation of those areas. On the 1000 hectares of developed land, it will be possible to grow 2 crops of rice per year, with an average yield of 3 tons of wet rice per hectare, or an annual production of 6000 tons of wet rice on those lands.

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CSO: 4400

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CENTRAL AFRICAN REPUBLIC

BRIEFS

GRANT TO SNE--Following a favorable decision from the EDF [European Development Fund Committee], dated 13 January, the European Community Commission is preparing to authorize a grant of 550,000 ECU [European Currency Unit] to the Central African Republic to finance the improvement of the National Water Company (SNE) operation. The intensifying of SNE technical services will be effected by equipping the buildings and the warehouses, providing appliances and tools (especially pipes, meters, emergency transformers, etc.), and technical help. The work will be carried out under state supervision and the supplies purchased after an international appeal for bids. Established in 1975, SNE is responsible for running the existing four town water mains but has run into equipment difficulties since its inception. The project aims at making it possible for SNE to fully carry out its work, in particular, keeping mains in good condition, repairing leaks, proper functioning of the water meters, and installing new circuits. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENES in French 23 Jan 81 p 199] 8870

CSO: 4400

CHAD

REASONS FOR FRANCE'S FAILURE TO INTERVENE MILITARILY NOTED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 30 Jan 81 p 227

[Text] For his last speech on French television before the coming presidential elections, Valery Giscard d'Estaing discussed foreign policy. As usual, he was specific, moderate, subtle and yet firm, with perhaps a hint of coolness at having to explain complex problems to the noninitiated and to discuss major topics affecting life and international relations when Mr Reagan has just officially taken office in the United States.

The president almost lost, or pretended to be about to lose, his patience when he had to explain African policy and particularly France's attitude toward recent events in Chad. Were there two French policies about Africa, one which led to intervention at Kolwezi and another which allowed Colonel Qadhdhafi free rein to defeat Hissein Habre in Ndjamena and try to annex Chad to the Libyan Jamahiriya?

The president, who accepted complete responsibility for French policy in Africa, answered straightforwardly. France intervened militarily not only at Kolwezi, but also in Mauritania and Chad in the past, only at the request of their legitimate governments when their countries' stability was threatened from the outside. Because this rule, a categorical imperative, was respected, none of the appropriate, representative international organizations, the United Nations or the Organization of African Unity, then protested the French initiatives.

Chad's situation was completely different. The African nations most deeply involved had, at Lagos, favored forming a national union government, a transition government of course, but one which as long as it fulfilled its mission, was the legitimate government of Chad. Moreover, the parties in Chad had unanimously stated that the presence of French troops hindered the search for an acceptable solution and thus, on 22 August 1979 requested that France withdraw its military contingent. On 23 August 1979, the French Council of Ministers stated that France was prepared to evacuate its troops, which it did with no loss of human life in the spring of 1980. Immediately after this withdrawal, the civil war began; it ended with President Goukouni Oueddei's appeal to Colonel Qadhdhafi, the sending of massive contingents from the Libyan Army and/or the Islamic Legion, equipped with ultramodern weapons and Hissein Habre and his supporters' withdrawal from Ndjamena.

Why did France not intervene when it had done so repeatedly in Chad from 1969 until 1972, during the presidency of General de Gaulle, then Mr Pompidou and again in 1978, when Mr Giscard d'Estaing was president? France then gave military aid to Chad at the request of legitimate Chadian governments threatened by an external force. In 1980, Chad's legitimate government asked for Libya's support. If France had opposed this militarily--and lost some of its soldiers--against the wishes of the Chadian government in power, it would have been condemned immediately by the UN and the OAU and called upon to withdraw its troops. What would the political objective be of such a military intervention? Without fail, it would have been criticized for helping to place one of France's proteges in power, like the complaints voiced when Emperor Bokassa was deposed.

French military intervention in Chad would have been a major political mistake and those who favored it are, stated Mr d'Estaing, "irresponsible adventurers." However, is France therefore resigned to the fait accompli and as passive as the critics of this policy claim? No, answered the president of the public. France criticized Libya's violation of the commitment "on its r" made in Lagos not to interfere in Chad's domestic affairs and condemned roject to merge the two countries even before the African heads of e in Lome adopted the same position.

The African nations and the president of Chad must exert pressure on Libya to withdraw its troops. Moreover, events show the wisdom of the French position since voices are being raised in Chad itself opposing the projected merger and Libya has already backed away somewhat, conceding that it cannot take place without consulting the Chadian people. Because of their patriotism, Mr d'Estaing is confident that the Libyan presence in Chad will only be temporary--even though the famous Aozou strip annexation goes back to 1973--and that Colonel Qadhdhafi's dream will never become reality.

The African nations which felt threatened by such circumstances then had to be reassured. France tried to do this and the president of the republic renewed the commitment to come to their aid if they requested it. France has the military means and the political determination. Reinforcing French contingents in the Central African Republic proved this.

Since Chad, a current topic, was for the most part discussed in the debate on French policy in Africa, the president of the republic addressed two current criticisms of his foreign policy: that France is allegedly too sensitive to economic considerations and that it would support or continue to support foreign political figures of questionable morals.

Mr d'Estaing considered the first criticism, which is not made by the French opposition alone, totally unfounded. Returning to relations with Libya, he noted that the size of trade relations with that country did not prevent him from risking a break when he condemned its intervention in Chad and strengthened French garrisons in the Central African Republic.

As for France's partners, the president of the republic pointed out that he did not choose them. One constant of French policy is to recognize nations, not individuals, and to cooperate with all nations which desire it, whatever their political options.

Was it a lack of time? At the end of the broadcast, the president was less convincing about these last two points than when he stated that any destabilization attempt was a true "crime against Africa" because it deterred it from what should be its first objective, its economic development and that the African need for security alone justified French military aid if requested by legitimate governments.

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CSO: 4400

CONGO

BRIEFS

COUPLING OF BRAZZAVILLE-ALMA ATA--Following a conference with the Brazzaville deputy mayor, Mr Gabriel Emouengue, the USSR ambassador to the Congo recently announced that hereafter Alma-Ata and Brazzaville are sister cities. The friendly relations between the two towns will have an impact on several areas, particularly in the economic, socio-cultural and technical spheres. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENES in French 23 Jan 81 p 200] 8870

FAC AID--The French minister of cooperation, representing FAC (Aid and Cooperation Fund) and the Congo in Brazzaville have just signed three financial agreements totaling 170 million CFA francs (3,400,000 FF). The first relates to agriculture, the second to public health and the third to French financial participation in the Brazzaville centennial celebration which took place last October. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 23 Jan 81 p 200] 8870

CSO: 4400

ETHIOPIA

BRIEFS

ELF SEEKING POLITICAL SETTLEMENT--An official of the Eritrean Liberation Front [ELF], Yusuf Berhanu, stated in Copenhagen on 6 February that the Front was now ready to engage Ethiopian troops in combat despite their high numbers in the province: 120,000 men trained by the Cubans and the Soviets and equipped with Soviet weapons. The Front official acknowledged that the EEC had so far provided appreciable assistance to Ethiopia, but he added that "we are now attempting to stop it." He also said that his organization was still hoping to find a political solution to the conflict and relies on the United Nations to support its efforts in this respect. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 13 Feb 81 p 386]

COFFEE EXPORTS--According to the Minister of Coffee and Tea Development Yehualashet Girma, Ethiopian coffee exports reached 87,000 tons in 1979, for a total amount of $342.8 million. Again according to the minister, exports should reach 100,000 tons during the present harvest. Coffee constitutes Ethiopia's main hard currency source and employs directly or indirectly about 7 million workers. [Text] [Paris MARCHES TROPICAUX ET Mediterraneens in French 13 Feb 81 p 386]

OLD COINS WITHDRAWN--Old coins bearing the effigy of Haile Selassie which had remained in circulation until now, representing a total value of $19 million, were withdrawn from circulation on 23 January. They can be exchanged at all banks for new coins minted in 1978. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANNEENS in French 30 Jan 81 p 263]

FRG AGRONOMICAL ASSISTANCE--According to the terms of an agreement signed on 27 January in Addis Ababa, the Federal Republic of Germany has decided to allocate $1.5 million to the Addis Ababa University for the establishment of an Agronomical institution in Awassa, capital of the southern province of Sidamo. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 p 322]

CSO: 4400

GUINEA-BISSAU

BRIEFS

PORTUGUESE CASHEW PROCESSING COOPERATION--A delegation constituted by various managers from the Portuguese CENTRALTER breweries has arrived in Bissau to study the feasibility of setting up a mixed company for the industrial processing of cashews. The delegation is supported by the Portuguese Institute for Economic Cooperation. CENTRALTER is already Guinea-Bissau's main partner in the Bissau brewery and has a bank account amounting to 100 million pesos (1 peso=0.14 French francs) in Bissau, which could be used as part of the capital for the new enterprise. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 13 Feb 81 p 369]

MIXED FISHERIES COMMISSION WITH USSR--A Soviet delegation led by Vladislav Krizhevski, deputy minister of fishing industry, arrived in Bissau on 5 February to participate in the 4th session of the mixed Soviet-Guinean fishing commission. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 13 Feb 81 p 369]

CSO: 4400

KENYA

MYSTERY CONCERNING HOTEL BOMBING REMAINS

London AFRICA in English No 114 Feb 81 p 27

[Text]

KENYANS began the New Year with a jolt and a great shock following a bomb explosion which destroyed one of the dining wings of Nairobi's world famous Norfolk Hotel on the night of 31 December, killing some 15 people and injuring 85 others. Although it was not the first bomb tragedy that Kenyans have suffered (another killed scores of people at a Nairobi bus terminal shortly before the brutal assassination of the controversial politician J. M. Kariuki) the fears that surrounded the explosion increased as it became apparent that it may have been the work of international terrorists.

For a country that has prided itself on its stability the fears were not mistaken as any sign of insecurity is likely to have political and economic repercussions in the country. As the dead were being buried and the wounded treated, the question was being asked: who planted the bomb and why? The possibility of the explosion being the work of internal dissidents was immediately discarded when the International Police Organisation (Interpol) was called in to the investigation.

Eventually, it was found out that the bomb had actually been planted in a room in the hotel occupied by a man by the name of Muradi Aksali who had a Maltese passport. The Kenya police with the help of Interpol, mounted a search for Aksali, who went missing after the explosion. On 7 January, the Kenyan authorities came up with a statement that the so-called Aksali had conclusively been established to be a 35-year-old Moroccan by the name of Oaddura Mohammed Abd-el-Hamid who is also a member of the Popular Front for the Liberation of Palestine (PFLP). According to the statement Ouaddura alias Aksali was based in Europe since 1973, from where he travelled under several aliases including that of Mohammed Haj Quddu.

Revelations

The Government's findings thus further established that Hamid arrived in Kenya on 23 December aboard a flight from Rome and subsequently checked in at the Norfolk Hotel. Hamid, whom the hotel reception clerks confirmed was 'Arab-looking, is said to have casually strolled out of the hotel on 31 December after handing in his room key on that morning. He is supposed to have gone straight to the airport where he took a flight to Jeddah, Saudi Arabia. With these revelations terrorism became the centre of interest for the bomb explosion investigators. The reason why Palestinians were thought to have been behind the explosion was said to go back to 1975, when

Kenyan authorities arrested five Palestinians who, it is said, were just about to bomb an Israeli jetliner about to land in Nairobi from South Africa.

The Palestinians, who are said to have been armed with rockets and launchers which they secretly pirated into the country, were silently handed over to Israel which tried and jailed them. Speculation that the bomb explosion was just the beginning of Palestinian reprisals for this incident was further made more credible by the fact that among the five terrorists two Germans were released from Israeli jails towards the end of last year. In any case it is an open secret that the PFLP has an operational relationship with the West German-based urban terrorist group the Baader-Meinhof.

Entebbe

The explosion, however, is not the only incident in which Kenya has crossed roads with the Palestinians. In 1976 the country helped Israel to rescue hostages hijacked by Palestinians in a French jetliner at Entebbe airport in Uganda. Kenya then gave Israeli commandos fuelling facilities in a r' :d in which they killed the hijackers and rescued the hostages.

But inspite of this Kenyan record with the Palestinian Nationalists, the Palestinian Liberation Organisation (PLO) denied responsibility for the Norfolk explosion. A PLO spokesman Mahmoud Laradi said: 'We had nothing to do with the incident and neither did any of the Palestinian guerrilla groups.' By absolving his organization along with others the bomb mystery only grew deeper.

A new dimension was added to it from an Italian connection. Some observers and a few investigators found themselves wondering whether the perpetrators of the crime could have been the Red Brigade aiming at the chairman and president of the giant Fiat group, Giovanni Agnelli who was then in Kenya on a game viewing safari enroute to South Africa. Agnelli, whose private executive jet captain died in the explosion and whose co-pilot was injured, is said to have been originally booked at the Norfolk but later transferred to another hotel. But the mystery, despite the Kenya Government's subsequent statement condemning the bombing, still remains. ■

CSO: 4420

MOZAMBIQUE

CUBANS TRAIN, GIVE TECHNICAL COOPERATION

PA131451 Havana PRELA in Spanish 1345 GMT 12 Feb 81

[Report by special envoy correspondent Miguel Rivero]

[Text] Maputo, 12 Feb (PL)--Isidro Diez, economic advisor to the Cuban Embassy in Mozambique, revealed that over 4,000 Mozambicans have been trained as technicians or skilled workers by Cuban personnel, or have received training in Cuba.

The Cuban representative added that one of the fundamental tasks of Cuban cooperation is the education and training of Mozambican personnel.

Cuban cooperation was begun in 1976, shortly after Mozambique proclaimed its independence. The first group of specialists was composed of 10 cattle technicians, but in recent years the number of Cubans in Mozambique has multiplied a hundredfold and today they cooperate in 25 key sectors of the economy of this African country.

Cuban cooperation is most noticeable in agriculture, fishing, education, public health, sugar industry and communications.

Adalberto Diaz Gonzalez, Cuban advisor to the Mozambican Fishing Ministry, said that a training center has been eestablished for ship captains, technicians and engineers, with the participation of Cuban technicians.

Adalberto Diaz is considered to be the "dean" of Cuban specialists since he has been working in Mozambique since 1977.

Cubans are helping teach the process for preserving shrimp and have also stationed seven brigade chiefs here for the maintenance and repair of the Mozambican fishing fleet.

When I arrived at Mozambique, there were only four Cubans involved in fishing activities. Today we have 59 technicians and specialists who work in personnel training and we will soon form a new group. The number of collaborators in the fishing sector will soon exceed 100, Diaz Gonzalez said.

Meanwhile Cuban Ubaldo Acuna Despaigne, national advisor in mechanization in Mozambique, said that a school for operators, medium size equipment technicians and mechanics has been established in Tete Province, under the direction of Cuban teachers.

In the agricultural sector, Cuban technicians have worked on this decade's long-range plans as well as the implementation of 10 large projects, which are already in progress.

CSO: 4410

SENEGAL

SUCCESSION BELIEVED TO BE GOING SMOOTHLY

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 16 Jan 81 pp 119, 120

[Text] Senegal is decidedly an exceptional country on the African continent. Not only did her president decide freely to quit his office, but his power transfer went most smoothly, contrary to the pessimistic forecast of the prophets of misfortune. Moreover, the principal actor in this great premier of African politics surrounded the event with an atmosphere of dignity and serenity that left no one indifferent.

"To Save Our Nation From Poverty and Immorality"

The event took place on 1 January in the courtroom of the Supreme Court. The Prime Minister Abdou Diouf was introduced to the highest authorities of the magistracy in the presence of all political, diplomatic and economic Dakar. After two speeches, one studded with multiple quotations by Chief Justice Ousmane Goundiam and the other a vibrant appeal to democracy by the president of the Bar Moustapha Seck, Keba Mbaye, the first president of the Supreme Court then took the floor. His message contributed in a decisive way to maintaining for the event this elevation of thought and expression that struck everyone in the audience. With his independence based on internationally recognized competence and high public offices, President Keba Mbaye said what the Senegalese of all opinions needed to hear:

"Every one of us must bury his personal ambitions and forget his old quarrels to 'gird his loins as a brave man,' in the exclusive interest of the Nation.

"Our permanent objective should be the consolidation of democracy, notably by the adoption of a modernized electoral system, provided a priori and a posteriori jurisdictional control which will leave no doubt as to the genuineness of the voting results.

"Governors and governed, members or nonmembers of political parties, must accept without mental reservations, the principle of rotation of the chief of the affairs of state. These affairs are nobody's personal possession. They belong to the people who delegate their temporal administration, not to a master as we tend often to think on this continent, but to a servant.

"(...) Let us decide to oust and discard without complacency and in case of need to punish without weakness, those who ruin or do disservice to this country: the corrupt and the antinationalists, the crafty and lazy. Let us cultivate honesty and courage at work. Let everyone at the post where he is, from the minister to the orderly, from the head of an enterprise to the laborer, think that the destiny of the nation is on his shoulders alone. Let us invent a system which will reward in the future only competence, work and integrity.

"Let us unite in brotherhood, to be better acquainted with one another, to appreciate and like each other, and remain always interdependent. Let no one be excluded. Moreover this will not prevent anyone from retaining the originality of his ideas and the specificity of his methods. There will be no need for a search for an illusory and misleading unanimity, but rather the construction of a faultless and positive national solidarity working toward a concerted action whose sole aim is to save our nation from poverty and immorality and to institute social justice. The luxury of division will be for later times."

Then Abdou Diour took the oath which made him the second president of the Republic of Senegal. Diouf went directly to the low courts where he was welcomed by his predecessor before the latter went into a retirement which, without any doubt, will be very active.

A True "Boss"

For the second consecutive evening, the Senegalese found themselves in front of their television sets to listen to the first message of the new president. Half-an-hour later, when his picture went off the screen, all of them, even his opponents, had the same conviction: the discreet and efficient administrator had given way to a true "boss," a statesman whose ideas are clear and whose will is firm.

Abdou Diouf began, as was proper, to render a warm homage to his predecessor, "a prestigious chief, a historical man with exceptional qualities." Then, in a sentence, he turned the page of history: "I feel for my master admiration and loyalty but, as he has taught me, the disciple's fidelity and the master's inspiration in no way does away with their respective personalities."

From this point, the chief of the state spoke for himself:

"From today on," he said, "I'll accept the challenge of the 1980's."

These challenges are energy, drought, education and employment. "I'll always tell you the truth. The truth is that there are no mysteries and no miracles. Our country must live according to its means (...) The success of our recovery program requires the pursuit of a policy already started of stringency, austerity, budgetary economies, a struggle against bad management, waste, misappropriation of public funds and corruption."

The president then clearly presented the priority objectives of his policy. First the control of water: large, medium and small dams, drilling, and wells will allow the bringing into general use of irrigated cultivation and the struggle against desertification. In the field of energy, more than in the limited resources of oil, lignite, peat and uranium, the future of Senegal lies in wind energy and especially solar energy: "We must come straight into solar civilization."

The education sector "is more than a high priority for the government." Immediate solutions will be provided for the young university graduates who do not find jobs. A general educational congress will gather all concerned parties in order to take stock of the orientation law and to adopt it to our immediate needs. The challenge to employment will be met by modernizing agriculture, creating agroindustrial units, and setting up a system which will permit the public officials who can do so to adapt themselves to the activities of the primary and secondary sectors."

The chief of the state ended the statement of his program by taking a solemn pledge to "guarantee political pluralism and respect all liberties. The opening up of democracy will be consolidated and reinforced. But the republican order will rule, thanks to a firm, just and vigorous authority in a strong and respected state."

The message ended with a call for work and courage which was addressed to all categories of the population and "to all expatriates, businessmen, investors and technical assistants for whom Senegal is a second fatherland."

2 Years To Succeed

When he launched this appeal, Abdou Diouf had already designated the two men who would be his nearest associates. Habib Thiam, the prime minister, who has two fundamental qualities to support the new president's action; he is an old friend of Abdou Diouf and will faithfully implement Diouf's major political and economic orientations. An experienced militant of the Socialist Party (the leader of the parliamentary group), Mr Thiam will maintain cohesion among its members. Jean Collin, who reportedly had intended to retire from politics, will become secretary general of the presidency of the republic with the rank and title of minister of state. This Senegalese by adoption has the reputation of being a hard worker. Ruling the apparatus of state control, he will relieve the president from concern about seeing to the proper working of the administration.

The new government had been known since the evening of 2 January. There were less surprises than expected. The "barons" of the regime kept their posts and ranks as ministers of state, a title given also to Moustapha Niasse, who remained at the Ministry of Foreign Affairs. Two departures had been expected: that of Jean Collin and Amadou Cledor Sall, the latter leaving the Ministry of Armed Forces to dedicate himself full-time to his duties as chairman of Dakar's Municipal Council. Oumar Bâ, whose activities in the Ministry of Urban Affairs and Housing were divisive, and Ousmane Camara, a long time incumbent of the Ministry of Higher Education, also left the government.

Among the newcomers, two are well known on the international scene: Falilou Kane (commerce) was a brilliant secretary general of the OCAM; Medoune Fall (interior) was the representative of Senegal at the United Nations. Oumar Wele (urban affairs) and Djibo Ka (information and telecommunications) are reaping the rewards of their devotion to Senghor, respectively as secretary general and principal private secretary of the presidency. The latter is also the main leader of the Socialist Youth. The secretaries of state retain their prerogatives, for the most part technical. The minister of state for equipment found himself associated with Samba Yella Dip, a secretary of state who will be in charge of hydraulic problems.

President Abdou Diouf did not lose time in setting up his team. He could not allow himself to prolong the transition period. He has only 2 years from now until the next presidential and legislative elections to assert himself and retain in 1983 by popular consent the post that is his today by virtue of the Constitution. Those who know him well are aware that he is capable of accepting the challenges that he has clearly analyzed. One must hope that he will find a loyal backing on the home front and the necessary support on the international scene so that, while accomplishing the profound reforms which are necessary, he will at the same time preserve Senegal's national identity within the boundaries of law and liberty.

9765
CSO: 4400

SENEGAL

BRIEFS

NEW GOVERNMENT'S FIRST MEETING--The Senegalese head of state, Mr Abdou Diouf, who presided at his first council of ministers meeting 13 January, made known to the new governmental staff the spirit with which the leadership of state affairs was to be conducted. According to SOLEIL DE DAKAR, it is a question of organizing a united work team, capable of rising above cyclical difficulties and proceeding with President Senghor's work. From this standpoint, the administration should be an effective administration of development, animated by the spirit of justice. Instructions given in this regard bear upon: young graduates; lack of employment to which a solution must be found, educational problems which the general states meeting next 28 January under the head of state's chairmanship should make it possible to look into, as well as the shortage of indispensable produce which must be averted and the marketing campaign of agricultural products which must be carried out under the proper conditions. Mr Abdou Diouf also informed the council that the next national holiday will be celebrated on 4 April in Dakar and no longer at Louga and that he would return during the first quarter on an official visit to Sine-Saloum. The new Senegalese prime minister, Mr Habib Thiam, emphasized that one of the main tasks of the government is the implementation of the medium term economic and financial recovery plan. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 23 Jan 81 p 189] 8870

PS PARLIAMENTARY GROUP PRESIDENT--On 9 January, Mr Mamour Ousmane Ba was elected president of the Socialist Party Parliamentary group (in power). In this post, Mr Ba replaces Mr Habib Thiam, the present prime minister. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 23 Jan 81 p 189] 8870

CRUDE PHOSPHATE SHIPMENTS--In 1980, the shipments of crude phosphates from the Senegalese Phosphate Company in Taiba were as follows: Europe: Germany: 91,555 tons; Spain: 6,100 tons; Finland: 200,118 tons; France: 140,080 tons; Great Britain: 394,042 tons; Greece: 170,400 tons; Yugoslavia: 35,898 tons; Total: 1,038,188 tons. Outside Europe: South Korea: 3,000 tons; India: 11,1951 tons; Japan: 98,836 tons; Senegal: 37,468 tons; Total: 251,255 tons; Total as of 31 December 1980: 1,289,443 tons. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 23 Jan 81 p 189] 8870

SHRIMP FISHING CONTROL--Following a report given by the regional fishing inspector, a systematic control of shrimp fishing exploitation received serious consideration. The use of dragging devices has been forbidden on the Casamance river and its tributaries and letters will be sent to fishermen whose number may not exceed 25,000. The payment of bonuses to agents who have made seizures is also anticipated. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 23 Jan 81 p 189] 8870

CANADIAN AID TO DROUGHT VICTIMS--Following a three-day visit to Senegal, Mr Pierre Trudeau, Canadian prime minister, left Dakar on 13 January. The Canadian prime minister made known his country's decision to give Senegal $5 million in food supplies to help people suffering from the drought. Canada, moreover, has stated that it is willing to give kindly consideration to any request from Senegal for the increase of its research ability in the energy field, within the framework of its new Canadian research fund in non-oil producing developing countries. Canada, the general statement points out, has decided to make its contribution of $10 to $20 million in addition to the $9.7 million already received by the OMVS (Senegal River Development Organization, uniting Mali, Mauritania and Senegal). Senegal and Canada have finally decided that the joint cooperation committee between the two countries will hold a meeting in Dakar in April-May 1981. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 23 Jan 81 p 190] 8870

JAPANESE AID--In accordance with an agreement signed 16 January between Messrs Ousmane Seck, Senegalese minister of economy and finance, and Sonoo Uchida, Japanese ambassador to Senegal, Japan has granted Senegal 500 million yens (around 480 million CFA francs) in non-refundable financial aid. This donation is to enable Senegal to purchase trucks and oil trucks within the framework of its program against the drought. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 23 Jan 81 p 190] 8870

CSO: 4400

SIERRA LEONE

BRIEFS

IDA CREDIT--The International Development Association (IDA), a World Bank affiliate, has just granted Sierra Leone a credit of 9.2 million DTS ($12 million), to finance a third integrated agricultural development project in the country's eastern portion. This will make it possible to consolidate and increase the help given to small farmers throughout the eastern area of the country. [Text] [MARCHES TROPICAUX ET MEDITERRANEENS in French 23 Jan 81 p 197] 8870

HYDRO-ELECTRIC PROJECTS--The government of Sierra Leone foresees completing several hydro-electric projects, namely: -one of 304 megawatts at Bambuna -one on the Mano river within the limits of the Mano River Union -one on the Saint-Paul river which would comprise five dams -finally, several micro-stations. An information brochure on all these projects is available at the Centre Francais du Commerce Exterieur (CFCE), 10, avenue d'Iena, Paris (tel. 505-33-22). [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 23 Jan 81 p 197] 8870

CSO: 4400

SOMALIA

ECONOMIC SITUATION WORSENING DESPITE GREAT POTENTIAL

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 30 Jan 81 pp 231-234

[Article by Christian Chaise: "Somalia 1981: in a Hostile Environment, Internal Tensions and Serious Economic and Financial Difficulties"]

[Excerpts] A country on the edge of the brink! That is the way Somalia looks at the beginning of 1981, after the proclamation of the state of emergency and the reestablishment of the Supreme Revolutionary Council on 21 October 1980, the 11th anniversary of the assumption of power by the military.

President Mohamed Siad Barre certainly has been careful to entrench himself behind Article 83 of the constitution. The proclamation of the state of emergency is nonetheless the end of the timid experiment at democratization begun 18 months ago.

Of course, it was to consolidate a government which was vacillating more and more that President Siad Barre decided to assume plenary powers for an indefinite period. Perhaps never has the situation in the country been so serious, because of the conjunction of three dangers: tension on the border between Somalia and Ethiopia, the burden of the Ogaden refugees, and an economy subject to terrible difficulties.

The Burden of the Refugees

Tension between Somalia and Ethiopia has not only exacerabated tribal rivalries and precipitated Magadishu's alinment with Washington. It has also led to the arrival in Somalia of floods of refugees fleeing from the fighting which ravages the Ogaden area. Last October, according to the latest statistics published by the Somalia authorities, 850,000 persons (90 percent of them women, children, and old men) had found refuge in 32 camps spread along the border.

Taking into account refugees spread throughout the country with relatives or friends, there is a mass of more than 1.5 million refugees who have fallen on one of the poorest countries of the globe.

Poor, and even miserable, Somalia certainly is without a doubt, since in 1978 its gross national product (in current prices) just reached $407 million, reflecting a slow but consistent decline since the beginning of the 1970's. As production declined still further in 1979 and 1980 in the agricultural, industrial, and fishing sectors, this tendency can only be accentuated. At the same time, as the population increases regularly (it went up from 3.5 million inhabitants in 1975 to 3.7 million in 1978 and no doubt has gone beyond 4 million by now), we are looking at a process of absolute pauperization, with per capita annual income threatening to slide soon below the threshold of $100.

Furthermore, as the Ogaden region continues to be emptied of its population little by little, the moment is near when the refugees will represent nearly half of the Somali tribal population. That is, one person out of three in Somalia will be a refugee. At present this proportion is more than one out of four, which already constitutes a world record. It is easy to imagine the risks of epidemics and famine which the presence of these refugees constitutes, despite the humanitarian aid from the international community (essentially the European Community and the United States).

For 1980 this aid should reach the figure of $132 million. However, beyond that earmarked for just the refugees present in the camps (the others are a burden to be borne by the Somali population, which is itself, however, threatened by famine in certain regions), international assistance is notoriously insufficient.

In a general sense the burden constituted by the refugees weighs increasingly heavily on Somalia, and their presence, which is nowhere near coming to an end, threatens to accelerate the dissolution of an economy already in bad condition.

The minister of planning himself recognized that only 45 percent of the investments scheduled to be made in 1979 had in fact been carried out, because of the problem of the refugees, and that it will be the same in 1980 and 1981. The 3-year plan for 1979-1981, which provided for expenditures on the order of 7 billion shillings (a shilling is officially worth F 0.69), in all probability will suffer the same fate as the 5-year plan for 1974-1978 (which it is supposed to complete). The 5-year plan was only 61 percent achieved for two reasons: the terrible drought of 1974-1975 and the conflict in the Ogaden region.

Oil Crisis and Food Deficit

This refugee drama therefore strikes with full force a country which, like all Third World countries which are not producers of oil, is suffering seriously from the dizzy increase in the price of crude oil. Imports of oil products, which amounted to 28.6 million shillings in 1973, reached 100 million shillings in 1978. However, two important factors, one positive and the other negative, have had an impact since then.

First of all, at the beginning of 1979 there was the entry into service of an oil refinery constructed near Mogadishu by Iraq, according to a joint venture scheme (the two countries each owning half of the capital).From its first year of activity, the refinery, whose capacity is 1,350 tons of crude oil per day, has processed 250,000 tons annually, purchased from Iraq for the most party, with a loan of $20 million from the Islamic Development Bank.

Thanks to this refinery Somalia, an importer of crude oil, in 1979 became an exporter of refined products (26.6 million schillings, or nearly 4 percent of export receipts). In 1980 the refinery should normally have operated at full capacity, thus covering all of the needs of the country for fuel.

This did not take into account the conflict which broke out at the end of September 1980 between Iran and Iraq, forcing Baghdad to halt its exports totally. The Mogadishu petroleum complex is only able to process Iraqi crude. Thus, the Somali Government had to ration gasoline and import refined products, a luxury which it was only able to afford with urgent assistance from certain friendly countries.

Parallel to the oil crisis, the Somali economy has been the victim of another and quite as serious ailment: the shortage of food, particularly cereal grains, which has created fears of a famine in the north of the country. Food self-sufficiency was the number one economic objective of the new regime. A date had even been established for its achievement: 1980. Following the 5-year plan 1974-1978, the present 3-year plan moreover places the accent on the development of agriculture, to which it will provide 22.6 percent of total expenditures.

However, the war in the Ogaden area which began 3 years ago, the arrival of a crowd of thousands of refugees, and the drought which affected the entire Horn of Africa in 1979 and 1980 put off to a faraway future the prospects for food self-sufficiency.

Thus, for the crop season 1979-1980 (1 February to 31 January) the quantity of corn and sorghum sold by the farmers to the Agricultural Development Agency (ADC), the state agency charged with the sale and importation of cereals, was 2 percent less than that for 1978-1979, which itself was 14.5 percent less than for the preceding harvest. In 1979 the ADC was therefore forced to import 15,000 tons of corn (30,000 tons in 1977), which were added to a gift of 20,000 tons of corn from the United States. For 1980 the cereal deficit will probably reach 100,000 tons, a sign of a new deterioration of the situation.

Somali Agricultural Production
(in thousands of tons)

In the case of corn and sorghum, the available figures concern the purchases made by the ADC from the farmers. The figures therefore only represent about half the real production, the other half being kept by the farmers for their own consumption and to supply a parallel market.

By Season (February to January)

	1975/76	1976/77	1977/78	1978/79	1979/80
Corn	31.7	30.0	21.3	9.1	8.6
Sorghum	19.5	10.0	51.6	53.2	52.3
Bananas	106.0	96.6	65.2	69.7	72.2
Sugarcane	370.0	333.3	320.0	311.5	261.2
Sesame	11.2	6.6	9.8	8.0	3.0
Cotton	1.7	1.6	4.4	2.3	2.7

In the case of bananas, the output per hectare has fallen from 27 tons in 1970 to 12.5 tons in 1979. For sugarcane the output was 89.5 tons per hectare in 1978, before falling to 86.1 tons in 1979.

Regarding livestock, the latest figures for all livestock date from 1975: sheep and goats, 24.7 million; cattle, 3.7 million; camels, 5.3 million.

The problem is the same for sugarcane, with production, which has declined steadily for several years, down by 16.1 percent in 1979 compared to 1978 (and down by almost 30 percent in the last 5 years). Thus, it is difficult to obtain sugar, even in the stores in the capital, despite a massive increase in imports (78.4 million shillings worth in 1978 against 4.4 million shillings worth in 1975).

The dizzying increase in purchases of oil and of food has had the logical result of aggravating the chronic deficit in the trade balance. In 1979 this deficit reached the record level of 1,813,500,000 shillings, against 1,043,200,000 shillings the previous year (for an increase of nearly 75 percent). For 1980 the first estimates were even more discouraging. The level of covering imports by exports thus went down from about 40 percent in 1978 to 27 percent in 1979 (it was still near 55 percent in 1975).

Parallel with the considerable increase in imports, exports in effect suffered a noticeable decline of 3.2 percent in 1979, which can be explained by their very structure: 90 percent of Somalia's exports to foreign countries consist of only two products: cattle and bananas.

The production of bananas, which amounted to 140,000 tons in 1970, was no more than 106,000 tons in 1975 and 72,000 tons in 1979, three-quarters of which was earmarked for export. From year to year bananas represent about 10 percent of export receipts.

However, this is nothing compared to the importance of livestock. Somalia in fact is a country of nomads and livestock breeders, with a pastoral type of economy. In spite of the drought, which pushes more and more nomads toward the cities in the south of the country, livestock raising is still the livelihood of more than 70 percent of the population. In 1979 the sales of livestock thus represented 71 percent of the total of exports (82.8 percent in 1978). However, although livestock raising constitutes the principal source of wealth in the Somali economy, it is becoming increasingly fragile, due to the drought which periodically affects the region. The drought of 1974-1975, for example, decimated livestock and seriously damaged an economy which was entirely dependent on this activity.

Since their accession to power the military have made a major effort to diversify the basis of the economy by developing industry, which was non-existent up to that time. However, the results are hardly encouraging. The industrial sector, which contributes about 5 percent of the GNP, only involves about 15 small factories whose function is the processing of fish, meat, and certain agricultural products.

A System of Parallel Importation

The Somali economy is also more and more dependent on the remittances of Somali workers who have emigrated to the Arab countries, who support large families, and provide a system of supply parallel to the official system. The emigres. in effect, refuse to send their money back to Somalia through the banking system, because of the low rate of exchange (officially, a dollar is worth 6.23 shillings). They prefer to deposit their savings in accounts opened abroad, which are then used by

Somali merchants to import consumer goods whose sales price in Mogadishu is fixed in terms of the black market rate of exchange (where the dollar is presently worth 13 or 14 shillings).

The Foreign Trade of Somalia
(in millions of shillings)

	1977	1978	1979
Exports (FOB)	449	689.1 (+53%)	667.4 (- 3.2%)
Imports (CIF)	1,296	1,732.3 (+34%)	2,480.8 (+43.2%)
Of which "free foreign exchange" totalled	--	477.4	217.4 (-54.5%)
Commercial Deficit	-847	-1,043.2 (+23%)	-1,813.4 (+73.8%)

The direction of the Somalia's foreign trade follows very logically from the very special structure of its exports: livestock represent the main element of exports (71 percent in 1979) and are almost completely destined for Saudi Arabia, a country which is by far Somalia's best customer. Bananas are the second largest source of export receipts (11 percent in 1979); Italy is Somalia's largest customer, each year purchasing between 75 and 90 percent of the total amount of bananas exported.

Destination of Somali Exports
(in percentages)

	1976	1977	1978
Western Countries	30.1	17.6	8.6
Of which: Italy	28.3	14.5	8.0
West Germany	0.1	0.9	0.4
African Countries	8.6	2.5	0.7
Soviet Union	3.6	3.5	0.15
China	2.5	0.6	0.9
Arab Countries	53.6	72.6	89.7
Of which: Saudi Arabia	51.3	66.5	85.7

(The role of France in Somali exports is so slight that it is not taken into account.)

[Additional table on following page]

(The situation is totally different in terms of the countries which are sources of Somali imports, where the Western countries have the lion's share.)

Sources of Somali Imports
(in percentages)

	1976	1977	1978
Western countries	53.0	54.1	62.9
Of which: Italy	25.7	28.3	29.8
West Germany	6.9	5.2	10.4
Great Britain	5.7	9.2	9.5
United States	4.4	0.8	2.5
France	1.4	1.27	0.66[1]
African Countries	11.3	6.9	11.6
Of which: Kenya	7.3	2.9	4.6
Soviet Union and Eastern Europe	14.4	14.0	1.2
China	7.3	6.5	3.3
Arab Countries	3.4	3.7	11.0

[1] 0.87% in 1979

(In 1978 the principal import items were transport equipment (19%), machinery (11%), petroleum products (7%), and sugar (5%). The role of the Arab countries should increase as the petroleum requirements of the country grow.)

This system, called "free foreign exchange" [franca valuta], makes it possible to make up for the lack of foreign exchange from which Somalia suffers, in order to pay for its imports. Instituted in 1975, it has become fairly widespread, and 28 percent of imports in 1978 were financed in this way. However, beyond the fact that it can only be a temp :ary makeshift, especially in an economy which calls itself socialist, this system has at least two damaging consequences.

In the first place, the government and the banking system lose all control over imports. Moreover, such a system feeds inflation, since it takes into account the rate of exchange of the shilling on the black market. This perhaps explains the acceleration in the increase of prices noted over the last few years in Mogadishu, which is much higher than the official statistics show (which report a 10-percent increase in 1978 and a 24-percent increase in 1979). In 1980 the price of basic food products (rice, spaghetti, meat, sugar, vegetables) practically doubled, whereas the various sources of income have not changed for years (this is particularly the case for the prices at which the farmers sell their produce to the state).

Faced with the growing discontent of the people, General Siad Barre announced on 21 October 1980 a general increase in all wages. The salaries of civil servants were raised by 30 percent for the lowest and 5 percent for the highest. In the absence of a highly unlikely increase in productivity, everything leads one to believe that these measures will be financed once again by resort to foreign assistance, and therefore by increasing an already very large level of indebtedness.

A Catastrophic Financial Situation

In 1978 the external debt was estimated at about 3 billion shillings (or about $470.8 million, 21 percent higher than the year before), against foreign exchange reserves of $132.8 million. The rate of debt service (the ratio is equal to the relationship between payments of interest and capital and the total value of exports) was 7.9 percent. The public debt, for its part, has increased five times since 1972, and each Somali now owes an amount of money greater than his annual income!

Financing the Development Plan 1979-1981
(in millions of shillings
and in percentages)

	Millions of Shillings	Percentages
Domestic Financing	2,584.8	36.4
National Budget	1,900.6	26.8
Other Public Finance	565.1	8.0
Private Financing	119.1	1.7
External Financing	4,518.5	63.6
Gifts	2,068.5	29.2
Loans	2,035.0	28.6
Suppliers' Credits	415.0	5.8
Total	7,103.3	100.0

The 100 percent achievement of the objectives of this 3-year plan supposes an annual growth of about 6 percent for 3 years, whereas the economy has been in a recession for about 10 years.

Foreign aid is of considerable importance, since the 3-year plan for 1979-1981 depends for two-thirds of its financing on external assistance, half of it in the form of grant aid. This grant aid is essentially made up of aid from the EEC within the framework of the Lome Convention. Somalia has belonged since 1959 to the ACP group (African, Caribbean, and Pacific states associated with the EEC) and should receive, in the framework of the Fifth FED, between 73 and 83 million European units of account, of which more than half will be for the financing of the Bardera dam on the Jubba River.

The Somali authorities are even more dependent on this external aid as the resources of the state stagnate. In 1980 the development budget was 8.6 percent less than that for 1979. This tendency threatens to be longlasting, because the government has decided to follow a very strict budgetary policy, in order to reduce the increase in prices and the deficit in the balance of payments, which was 531.6 million shillings in 1979, whereas in the previous year there was a surplus of 51.2 million shillings.

Somali Public Finances
(in millions of shillings)

	1977	1978	1979	1980
Receipts	882.3	1,413.9	1,689.8	1,946.1 (+15.2%)
Expenditures	1,019.3	1,563.0	1,838.0	1,792.1
Including routine outlay	211.4	198.4	273.9	250.3 (- 8.6%)
Balance	-137.0	-149.1	-148.2	+154

N.B. For 1980 the figures are only estimates.

Among the decisions under consideration are the introduction of new fiscal measures (in order to increase state receipts) and the reduction of routine expenditures of the ministries. (It remains to be seen if that will be compatible with an increase in the salaries of civil servants.) However, the most important measure--and the most significant from the political point of view--concerns a possible reform of the economic structure as a whole.

Faithful to their socialist professions of faith, the military had undertaken, after the coup d'etat of 1969, to transform the economy and place it on the road to socialism. Agriculture, animal husbandry, and the largest proportion of embryonic industry are still in the hands of private interests, but the banking sector and foreign trade have been nationalized. At the base of the Somali economy are state agencies which, in the sector where they are in charge, determine the requirements and undertake the corresponding purchases. Created to put an end to speculation, these agencies have been conceded to have a formidable level of efficiency--at developing shortages, the black market, and corruption!

On several occasions, and particularly on 21 October 1980, the chief of state has alluded to a reform of this system whose failure is evident. In the long run this could even involve denationalization, a progressive liberalization of the economy. Even if they still call themselves supporters of socialism, the Somali leaders seem in effect to be convinced that the present system cannot allow the country to develop itself and get out of the present state of misery.

However, whatever the economic system in place, the Somali will always have to take into account sociological and human realists which can only change very slowly. Despite a progressive increase in the level of urbanization (on the order of 25 percent today), about three-quarters of the population are nomads living in the bush. The Somali economy will therefore remain for a long time a pastoral economy extremely vulnerable to drought.

Great potential nevertheless exists in the agricultural and fishing sectors. With its 8 million hectares of arable land, principally in the south, between the Jubba and Shebelli Rivers--a region often called the Somali Mesopotamia--Somalia can hope to achieve self-sufficiency. Regarding fishing, it is abnormal that sales of fish should represent less than 1 percent of export receipts when the country has 2,800 km of coast. It is true that the Somali, nomads back into the mists of time, are culturally unfamiliar, even hostile, to this kind of activity.

However, it is in these two areas that the only chance of salvation for Somalia rests. Oil? Everyone dreams of it, but the exploration carried out has not been successful. Regarding the uranium found in the center of the country, it seems that it will only be exploitable with difficulty.

Nonetheless, all the efforts of the Somali, added to international aid--as important as that may be--will be no use if one imperative condition is not satisfied: the return of the refugees to their country, in the Ogaden. This return could not, of course, take place until after the establishment of true peace in the Horn, which won't happen tomorrow. Peace seems to be further off than ever, and Somalia, totally isolated as it faces its Ethiopian and Kenyan neighbors, feels obliged to devote an important part of its meager resources to defense.

In 1979 military expenditures reportedly represented nearly 40 percent of the routine budget. It is no secret to anyone that the largest part of the aid given to Somalia by the conservative Arab countries (with Saudi Arabia in the lead) has been used for the purchase of armaments, in the name of the defense of Islam against the Soviet menace, but to the detriment of the struggle for development.

The Place of France

And France? It is necessary to recognize that its place has long been insignificant in Somalia. In 1979 French exports to Somalia only amounted to F 31 million, or less than 1 percent of the total of Somali imports. Regarding imports by France of Somali products, these are nearly nonexistent.

The relations between the two countries suffered for a long time from the problem of Djibouti, but they seem henceforth to be frankly good, as was demonstrated by the participation--as an observer--of President Siad Barre at the last Franco-African conference in Nice, in May 1980. Somalia expects a great deal from France, and not only antitank missiles or helicopters produced by Aerospatiale.

Thus, TDF (Telediffusion de France) and Thomson-CSF should install color television in Somalia, following the choice by Mogadishu of the "Secam" process. France should also finance the construction of a cement plant at Berbera (F 150 million), which will produce 200,000 tons of cement per year. France will also participate in the financing of a pharmaceutical factory at Mogadishu. Paris will also provide $250 million for the construction of the Bardera dam, for which the total cost is estimated at more than $500 million.

Above all, it must be hoped that French firms--small and medium-sized--which produce consumer goods will become interested in this country which, for its part, only asks to strengthen its relations with France.

5170
CSO: 4400

TANZANIA

DATA ON PLANS FOR DEVELOPMENT OF HEAVY INDUSTRY

London AFRICA in English No 114 Feb 81 pp 79-80

[Text] WHEN Tanzania gained her independence in 1961, there were only a few industries in the country, mainly dealing with processing of agricultural products, such as maize, rice, cotton, coffee, tea, tobacco, coconut oil and fibre. There were also a few canning and bottling industries for products such as meat, fruits, beer and soft drinks. To a large extent, most of these firms were run with foreign capital, under foreign management, utilizing cheap local labour.

By 1961, there were about 230 such firms in the country with capital of not more than $25,000 each. The only sizeable industries the country inherited from the colonial era were, among them, the East Africa Tobacco Company which had in 1966 become the British-American Tobacco Company (BAT), the East African Breweries, the Coca-Cola plant, the Metal Box Company, Tanganyika Packkers Limited and Bata Shoe Company.

However, a new era in industrial development in Tanzania started in 1965 for Zanzibar and Pemba islands, following the 1964 Revolution and in 1967 for the mainland after the pronouncement of the Arusha Declaration. Following the Declaration all major industries were either nationalized or came under the control of the Government. The period following the Zanzibar Revolution and the Arusha Declaration, therefore, witnessed the strengthening of production activities in the nationalized industries as well as the establishment of new industries.

The old industrial pattern was changed to place greater emphasis on the development of manufacturing industries, providing such items as textiles, building materials, chemicals, food products as well as the local processing of primary products before they were placed on the international market. Hence concrete plans were made to establish industries using cotton, hides and skins, palm oil and oil nuts.

The country's industrial achievement during the last 15 years can be viewed from the increase in the number of industries, the rise of employment figures in the industrial sector, the value of industrial production and the change in the general economic pattern of the country. In 1967, the total number of industrial firms in the country was 440. By 1974, this figure had risen to 520 — a jump of 16 per cent or an annual growth rate of 2.1 per cent.

The number of people employed in industry likewise also doubled from 35,300 in 1967 to 72,400 by 1975. The valu of production in industries went up from the 1967 figure of $165.2m which was 19.5 per cent of the GDP, to $488.4m in 1974, representing 27.7 per cent of the GDP. In terms of the total national income, the industrial sector contributed 8.5 per cent in 1967 as compared to 10.6 per cent in 1974, basing the figures on the prevailing market prices.

Programme

Tanzania is currently undertaking a twenty-year industrialization programme with priority being placed on the establishment of heavy industry to manufacture plants, machine tools and other capital goods necessary for the development of other sectors of the economy. In order to achieve this, the Government intends to make use of the country's mineral potential, particularly iron and coal deposits located in the south-western part of mainland Tanzania. The long-term industrial plan spells out the need for building a basic industrial infrastructure in order to meet th goals of socialism and self-relian .

Since the primary priority of the plan is to suffice the internal market, the development of industries dealing with food processing, shoe making, textiles and building materials becomes a must. Another priority is given to the metallurgical industry, which would help in the manufacture of plants and various materials, including building ware. The chemical industry, under the long-term plan, is geared at producing, among other things, enough fertilizers for agricultural needs. Paper and printing industries have also been projected for vigorous development.

The plan's objectives also include the spread of industrial activities all over the country and the increase of employment opportunities in this sector. At the time of independence in mainland Tanzania, industries were concentrated in certain centres only. Dar Es Salaam, being the main port and the capital of the country, continued to attract most of the major industries. However, from 1970 onwards, major firms mushroomed also in areas out of Dar Es Salaam. The Government is determined to promote their development in later years, taking into consideration planned industrial zones.

By so doing, the southern and south-western parts of the country, which have the least number of industries, would also accommodate large industries, notably for processing cashewnuts, production of cement, farm implements, canned meat and steel.

Dodoma, Tanzania's new capital, is viewed as a potential industrial centre, taking into consideration its geographically central position and its easy accessability from all corners of the country.

In the islands where industries have in the past been concentrated in Zanzibar Town, Pemba has also started to benefit from a number of new industries including salt, toiletries, furniture, plastics, textiles and clove oil factories.

Generally, Tanzania's long-term industrial development plan projects an annual production rise of nine to 12 per cent in the period 1975 to 1995. For the period between 1976 and 1981, the production value has been estimated to grow from $177.2m to $348.1m.

Job opportunities are expected to increase by eight per cent or 130,000 people by end of 1981 bringing the number of employees in industry to 400,000. ■

CSO: 4420

TANZANIA

DATA ON RESULTS OF GOVERNMENT'S AGRICULTURAL PROGRAMS

London AFRICA in English No 114 Feb 81 pp 83, 85, 87, 89, 90

[Text] MORE than 90 per cent of Tanzania's 17.5 million people are peasants who live off the land. Agriculture generates some 50 per cent of the total gross domestic product and accounts for about 80 per cent of total export earnings. As a basis for meaningful agricultural development, the Government decided, at the early stages of independence, to launch the ujamaa villages programme under which scattered manpower is being brought together into communal villages, in an attempt to speed up the country's social and economic development.

Alongside the programme, the Government is striving to eradicate the association of farmwork with punishment, mainly fostered by slavery and colonialism, or as a degrading occupation. Thus all sectors of Tanzanian society have been oriented to feel part of the land, and under the 1967 'Education for Self-reliance' policy, almost all schools are required to engage in some form of agricultural production.

The Government also runs agricultural training institutions from which emerge personnel whose services are crucial to the development of the agricultural sector. Such institutions include the University of Dar Es Salaam which offers courses in agriculture and forestry. The focus is on improved farm techniques, to replace traditional methods that are relatively more energy-consuming and inadequate. In 1977/78, there were, respectively, 637 and 994 diploma and certificate-level students in agricultural institutions. The following financial year their number rose to 1,940, an increase of 20 per cent.

In 1978/79, 40 students were sponsored for training in agricultural sciences overseas, and the Government was considering sponsoring about 270 students during the current season; and a year earlier a diploma course in irrigation was introduced at the Nyegezi Agricultural Training Institute in the Lake Victoria region of Mwanza. This institute is intended to solve the critical manpower shortage in modern irrigation techniques.

Fate has played some part in making the advancement of agriculture a major concern of the Government. The serious drought of 1974/75 compelled the nation to spend TShs. 945m on food imports. This substantially shrank the foreign exchange purse, and led to an intensive campaign to lay a more concrete foundation to contend with future natural disasters. Farming was undertaken on a more vigorous scale, embracing even workers in urban centres whose parastatal institutions and government ministries acquired land in the outskirts of the towns to till.

So enthusiastically did the peasants respond to the campaign that regions like Arusha, Rukwa, Ruvuma, Iringa and Mbeya were faced with problems of over-supply of crops which their modest storage facilities could not accommodate. Tabling the 1979/80 estimates in the National Assembly, the then Minister for Agriculture John Malecela said the nation had reached a stage where it was no longer necessary to import maize — the main staple.

The trend with regard to major cash crops is also heartening. Coffee harvests shot from 44,900 tonnes in 1976/77 to 54,769 in 1978/79. World prices were not very encouraging, however, as reflected by the drop in the contribution to the national economy from TShs. 1,852,2m to TShs. 1,303.3m during the two seasons. Overall, the unfavourable world market situation precipitated a drop by 20.9 per cent in the contribution of the agricultural sector to the national economy.

Cushion

Earnest efforts are being made to ensure that production is both quantitatively and qualitatively increased to cushion the pinch of falling prices. The price of cotton for instance, is expected to drop from TShs. 2,422.80 a bale in 1978 to TShs. 2,300 this year, while a drop in the price of coffee is estimated to fall to TShs. 1,680 per 50-kilogramme bag from TShs. 1,836. Prices of tobacco, tea sisal and cashewnuts are, however, expected to rise.

Regions have been directed to prepare comprehensive agricultural plans, and agencies charged with the manufacturing and distribution of agricultural inputs have been told to ensure that the items reach peasants in good time. Execution of the latter obligation is nonetheless handicapped by poor transport infrastructure, which also hampers smooth ferrying of crops from production to buying centres.

In March this year, the Ministry of Agriculture formulated a national agricultural mechanization policy to guide and direct peasants throughout the country. This stresses, among other things, the use of drought animal power and implements in areas not affected by the tse-tse fly and where there is already a tradition of using draught animals. The Government is also striving to improve the capacity of the animals through breeding and the training of both them and their operators. In addition, programmes would be introduced to expand the use of animals other than oxen, such as donkeys and mules, for draught purposes.

An onslaught against foot and mouth disease, as well as against the tse-tse fly is also underway. Launched late last year, it embraces three projects. The first, to cost TShs. 21,599,000, involves construction of a research laboratory for foot and mouth disease at Temeke in Dar Es Salaam. It will be partly funded by the International Development Agency (IDA).

Under the second project, to cost about TShs. 12,5m, a tse-tse fly research laboratory would be constructed at Tanga, and equipment for the laboratory has already been received from the United States Agency for International Development (USAID). TShs. 5m will be spent on a second anti-tse-tse fly project in Kagera Region (formerly West Lake), one of whose features would be the construction of 15 dips.

In a speech to a seminar of local financial institutions last year, former Agriculture Minister John Malecela dwelt upon six points: better use of land resources; irrigation development in order to reduce the nation's dependence on rain-fed agricultural production; encouragement of mechanized large-scale village communal farming; better distribution of farm inputs; reduction of post-harvest losses and strengthening of credit facilities to small farmers.

The Minister emphasized the crop authorities, parastatals, the Rural Development Bank and other banking institutions would continue to constitute the basic institutional infrastructure to support agricultural development in the country. 'In fact, these institutions can even determine the pace of development by their attitudes and action towards agriculture', he said. ■

CSO: 4420

UPPER VOLTA

WATER, AGRICULTURAL IMPROVEMENTS IN FRUIT PRODUCTION

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 p 312

[Text] A recent bulletin in COLE-ACP (No. 19, December 1980) contains interesting news about certain agricultural improvement projects in Upper Volta and prospects open in the fields of fruit production and market gardening.

With regard to the Volta basin: the master plan for improvements has only been partially approved. There are development possibilities both in the valley of the Black Volta (particularly in the Sourou basin and upstream) and on the White Volta (most of the improvable part of which is under the Bagre project) and its tributaries. It is estimated that the overall potential for irrigation in the valley of the Black Volta is around 20,000 hectares.

Overall exploitation of the Black Volta-Sourou complex is in fact conditioned, in terms of irrigation, by the priorities set out in the plan for harmonious utilization of water resources, and particularly completion of the hydro-agricultural dam at Samendeni, 36 km northwest of Bobo-Dioulasso.

A new study, also financed by the FAC [Aid and Cooperation Fund], examines the elaboration of the master plan for development of the Black Volta in relation to development of the Sourou. This study, which is in the hands of GERSAR, involves among other things identification of a number of pilot projects that could ultimately be the object of feasiblity studies (about 3,000 hectares) and determination of the best site for the control dam called for in the Sourou-Black Volta improvement package. Completion of this study is expected in mid-1981.

According to Mr Georges Sanogoh, the former Voltan minister for planning and cooperation, "it seemed more logical to plan agricultural improvements on the Sourou in the larger framework of improvements under way on the Black Volta. Two complementary studies on hydro-agricultural improvement possibilities in the Sourou valley in connection with the study of the regulation of the Black Volta upstream are under way. We think we can get precise figures on the total of investments needed, at least with respect to the water storage need capacity needed to pursue operations on the Sourou. As an example, the area reserved for the cultivation of cane is on the order of 4,000 to 5,000 hectares. In other areas, we have reserved about 10,000 hectares for the cultivation of wheat and the two rotation crops of soya and kidney-beans, 8,000 hectares for maize, and 2,500 hectares for market-gardening products." With respect to the Comoe basin, it is anticipated that the master development plan effectuated in 1975 will be updated to take into account the abandonment of the plan to extend the area of sugar cultivation by 4,000 hectares and to set out the new agricultural guidelines of the Comoe-Yanon zone, whose potential is on the order of 10,000 hectares (cultivation of rice and fruit). The first study had called for the construction of a dam at Badadougou with a capacity of 150 cubic meters.

With respect to extension of the market-gardening and fruit cultivation area of Lanfiera and creation of an experimental irrigation station, these have been undertaken in the Sourou by the Voltan Union of Agricultural and Market-Gardening Cooperatives (UVOCAM) with money provided by FAC and the Central Fund. The financing of various other market-gardening projects with new money from the Central Fund is also envisioned.

Concerning Market-Gardening and Fruit Cultivation

Since 1970, Upper Volta has seen the development of a rather dynamic market-gardening sector, aimed at supplying the urban centers and off-season export of fresh produce to Europe. Presently, several centers, managed by UVOCAM, have nearly 600 hectares in production.

More recently there has been development of fruit production oriented primarily toward supplying urban centers. Two centers, near Bobo (the Kou valley) and Bazega (80 km from Ouaga) are operating with about 40 hectares each.

The Central Fund will loan Upper Volta 8.4 million French Fr (420 million CFA Fr) for the financing of trial operation of a cashew plantation. The fund had already financed in 1979 a feasibility study of this project carried out by the Institute for Fruit and Citrus Research. Plans are to plant 1,500 hectares in the first stage, of which 400 hectares would be cultivated by village collectives.

9516
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UPPER VOLTA

BRIEFS

SOVIET-VOLTAN COOPERATION--The Voltan minister of foreign affairs and cooperation, Lt Col Felix Tientarboum, received Arkady Kazansky, the Soviet Ambassador, on 26 January and discussed with him the renewal of the protocol on cultural cooperation between the two countries, along with the possibility of a resumption of activity by the TASS Agency in Upper Volta. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 p 311] 9516

BUDGET DEFICIT--Volta's chief of state, Col Saye Zerbo, and the director of the Military Committee for Recovery and National Progress (CMRPN) held talks on 27 January with important officials of the big Voltan labor confederations. This meeting was an Upper Volta's budgetary predicament. According to the report of the paymaster-general, Mr Theodore Sawadogo, the country had a budget deficit of 15,904.69 million CFA Fr on 30 November 1980, 5 days after the military coup that on 25 November overthrew Gen Lamizana. At the end of November, Voltan Government revenues were on the order of 29,099.4 million CFA Fr, of which 26,856.99 million was 1980 budget revenue and 2,242.4 million was from the previous budget. On the same date, expenditures were evaluated at 45,004.09 million CFA Fr. According to Mr Sawadogo, Volta would not have been able to meet its obligations if resort had not been made to treasury transactions for 22,711.52 million. Meanwhile, Upper Volta also benefited from advances from the Central Bank of the West African States (BCEAO) totalling 2,919 million CFA on 24 November, of which 653 million still remains to be paid back. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 p 311] 9516

PETROLEUM SHARES--Increase in Voltan shares in SIR. The Upper Volta Council of Ministers on 14 January adopted a commerce ministry report and gave its approval for Upper Volta's participation in an augmentation of the capital of the Ivorian Refining Company (SIR), which should go from 2 to 7 billion CFA Fr. Voltan participation in SIR's capital should increase from its present 6 percent share to 10 percent, which will cost the country 580 million CFA, Fr, plus 39.2 million CFA Fr for inscription rights. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 p 312] 9516

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