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Sub-Saharan Africa Report

FOUO No. 723

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SUB-SAHARAN AFRICA REPORT

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INTER AFRICAN AFFAIRS

ANGOLA, CONGO, CAMEROON BECOMING OIL PRODUCERS, EXPORTERS

Paris AFRIQUE-ASIE in French 2 Mar 81 pp 40-42

[Article by Nicolas Sarkis and Jean Rebot: "Africa, a New Giant in the Petroleum Market"]

[Text] Nicolas Sarkis, a Lebanese by origin, is a leading international expert on petroleum questions. An adviser on energy matters to the governments of numerous countries in the Third World, he is currently heading the Arab Center for Petroleum Research, which publishes the review LE PETROLE ET LE GAZ ARABES [ARAB OIL AND GAS].

After sitting in the wings of the world petroleum scene for too long, several African countries today are oil producing and exporting states. In addition to the four countries that are already members of OPEC (Nigeria, Libya, Algeria and Gabon), oil production is also increasingly rapidly in several West African countries, particularly: Angola, Ivory Coast, Congo, Cameroon and, soon, Ghana and Benin. In other countries, like Senegal, Guinea and Guinea-Bissau, prospects seem to be encouraging with the intensification of production and the price increases that make deposits that are relatively costly to develop still commercially exploitable. In all, oil production in West Africa today reaches 2.7 million barrels a day, of which nearly 2.2 million comes from Nigeria, and it is estimated that by 1985 it will exceed 3 million barrels a day, including 2.3 million from Nigeria. This rapid expansion in oil prospecting and production in Africa was the result both of the convulsions that the oil market began to experience in the early 1970's, and of the determination of the industrialized countries and the oil companies to diversify their supply sources, as well as the determination of the African countries to exploit their own resources in a gamble on rapid energy growth. It was made possible by the considerably hydrocarbon potential hidden below the surface in Africa. According to the most reliable estimates, "discoverable" reserves in Africa over the next 20 years should reach 7 billion tons, or 14 percent of the 50 billion tons expedted to be found worldwide in the same period.

While making a significant contribution to supplieson the world market, the development of the oil industry in Africa is also a priceless opportunity for the Africans themselves, at a time when their people are facing the enormous task of economic and social advancement. Along with the efforts deployed to increase production, these countries are also anxious to manage prices and taxes to increase the revenue from each barrel exported, especially as the oil tax laws in certain new producing countries are much less developed than the exploitation systems in force both in the OPEC countries and in the North Sea.

Ten million tons per year in Cameroon by 1985; 20 million in Angola, 10 million in the Congo, not to mention Gabon or Nigeria: it is now official. Something is happening in the Gulf of Guinea.

The oil experts, the geologists, had long since noted that the "equatorial group" of coastal basins in West Africa showed may signs of hydrocarbon deposits. This was particularly true of the basins of Gabon, the Congo, and Cuanza. It was to be expected that discoveries would follow in turn, once the oil companies--with Elf-Aquitaine, the biggest foreign operator in the region, leading the way--judged it profitable to invest seriously in this "corner of the world." One sees here a confirmation of one of the laws of oil economics: discoveries are directly proportional to the investment made in exploration.

Now on balance it seems clear that, in global terms, Africa tends to be neglected when it comes to exploration. Thus, out of 62,733 wells drilled worldwide in 1979--exclusive of the Eastern countries--56,445 were drilled in the United States and Canada, compared to 794 on the African continent. The two regions respectively accounted for 90 percent and 1.25 percent of wells drilled. So much for that. Africa's proven reserves, however, amount to 8.9 percent of world reserves. But this figure does not reflect the reality of the oil wealth of the continent. It is much more revealing of the restrictions which have so far limited the exploratory efforts undertaken there. The supply situation of the Western countries is now considerably changed, so now things are changing. The climb in oil prices has first of all made a number of known oil deposits, formerly considered not economically viable, more attractive. Accidents of history, such as the change of regime in Iran, the political instability in the Middle East--the oil countries were considerably upset by the Mecca incident and continue to be worried about the outcome of the Iraq-Iran war--everything is pushing in the direction of diversification of supply sources. Particularly significant is the case of the ELF group, which has undertaken a program of seismic exploration in Angola; put new fields into operation in Cameroon (Ekoundou Nord, Kombo Nord, Ekoundou Centre); continues a major exploration program in the Congo (the development of Yango and Sendji, new discoveries, notably at Mengo, the inauguration last April of the Likouala field); stabilized production in Gabon and has prospects of further growth thanks to three discoveries (M'Bounba, M'Wengui, and Baudroie); has renewed its agreements with Nigeria in light of increases in reserves; and gotten a foothold in Niger. The list, quite obviously, speaks for itself. And all these investments, all this new participation, is going to translate in the years ahead into a growth in production levels that will confirm the status of the Gulf of Guinea as the world's new oil region. If the figures now floating around are to be believed, production in Gabon, Cameroon, the Congo and Angola--to mention only these presently producing countries--should climb from 10.5 million tons (1970 figure) to more than 40 million by 1985. Prospects which will be even further augmented by development of production in other African countries such as Zaire, Ghana, Benin, the Ivory Coast and, conceivably, Morocco, Chad, Senegal, Sudan, Niger, Mauritania, Equatorial Guinea, Mozambique and Tanzania, where exploratory efforts with good chances of success are currently under way.

This tendency to increase production relates to the level of oil company investment.

Thus, the French Oil Company, which used to realize a 5.5 percent return on its investments in Africa (outside the Maghreb) in 1977, had increased its profits to

12.3 percent by 1979, while the ELF-Aquitaine Group, which was devoting 4.8 percent of its African investments (again, outside the Maghreb) to "production exploitation" in 1977, was investing 19.8 percent for it in 1979. The size of the sums invested is mathematical proof of a relatively new orientation in the policies of the French oil companies in the Gulf of Guinea.

The level of production in Gabon, the Congo, Cameroon for 1979, though it may be only 19.9 million tons, or close to 10 percent of French consumption, is not negligable even now. But profits cannot help but grow with the increase in production levels and to the extent that oil contracts remain unchanged, that is to say much more advantageous for the oil companies than those of the OPEC type, widely used now around the world.

As indicated by the chart below, the security of supplies for a country such as France depends more and more on "the oil-producing Africa" and, given the reserves policies of Algeria and Libya particularly, on the countries of the Gulf of Guinea. Basic trends emerge from these figures:

RESSOURCES PROPRES DES SOCIETES FRANÇAISES A L'ETRANGER (ELF ET C.F.P.) 1

Source « l'Industrie française du pétrole en 1979 », Union des chambres syndicales de l'industrie pétrolière (U.C.S.I.P.)

		1971	1974	1975	1976	1977	1978	1979
EUROPE	Norvège	40	202	1 238	1 814	1 804	2 262	2 263
Mer du Nord 2	Grande-Bretagne		5	32	112	218	255	
	Espagne		303	313	275	110	61	43
	Italie						11	271
Total Europe		40	510	1 583	2 201	2 132	2 589	2 577
MOYEN-ORIENT 3	Irak	19 718	25 795	19 721	12 682	11 248	11 693	12 840
	Abu Dhabi	16 235	16 770	16 680	15 401	14 069	11 115	10 680
	Iran	12 073	14 978	11 412	11 971	8 907	8 211	3 491
	Dubaï	1 408	2 980	3 201	4 006	4 008	4 567	3 825
	Qatar	2 589	2 148	1 063	2 053	1 400	1 461	1 402
	Oman	1 525	1 241	1 613	1 485	1 249	1 120	1 486
	Arabie saoudite						6 005	5 994
Total Moyen-Orient		53 548	63 912	53 690	47 598	40 881	44 172	39 718
AFRIQUE	Algérie	12 475	11 270	11 319	9 689	10 805	11 768	12 503
	Gabon	4 527	8 925	9 735	9 730	9 678	9 126	8 448
	Nigeria	857	2 196	1 732	1 795	1 879	1 825	1 744
	Congo	15	1 605	1 173	1 311	1 153	1 435	1 592
	Tunisie	203	1 525	2 555	2 032	1 327	1 352	1 319
	Cameroun					20	319	867
	Libye	338	185	242	225	191	193	179
Total Afrique		18 415	25 706	26 756	24 782	25 053	26 018	26 652
OCEANIE 4	Indonésie		216	585	1 499	3 788	2 918	2 426
AMERIQUE	Canada	1 509	2 020	1 812	1 756	1 781	1 713	1 884
	Etats-Unis	35	84	154	319	411	419	388
	Colombie				22	19	22	14
Total Amérique		1 544	2 104	1 966	2 097	2 211	2 154	2 286
TOTAL DES RESSOURCES PROPRES DES SOCIETES A CAPITAUX FRANÇAIS A L'ETRANGER (*) 5	(*) participations et contrats 6	73 547	92 448	84 580	78 177	74 065	77 851	73 659

Key: 1. Real Capital of French Companies Abroad (ELF and French Oil Company) 2. North Sea 3. Middle East 4. Polynesia 5. Total Real Capital of Companies Abroad with French Backing 6. Shares and contracts

Decline in resource holdings in the Middle East region by French overseas companies (from 63.4 percent in 1975 they fell to 53.9 percent in 1979); growth of these resources in Africa, moving from 31.6 percent to 38.18 percent. This trend should be accentuated in 1980 and 1981, with the losses sustained in Iran and Iraq and the doubling of Gulf of Guinea production in the future. In 1979, nearly 60 percent of ELF's worldwide production already came from Cameroon, the Congo, and Gabon... and this is only the beginning.... This was the conclusion of a long article entitled "Oil: Africa to the Rescue" in a French weekly: /"France has many strong points that could in the future procure special access to oil and raw materials in central Africa...."/ /"This requires...a policy that allows both parties to benefit."/ [Slantlines indicate italics] This is really the heart of the matter: how to apportion the mutual advantage between young politically independent countries, searching for paths leading to economic independence, and the big highly developed capitalist nations, experienced in business dealings, endowed with industrial and financial groups anxious for profits and political stability.

In other words, they key question could be summarized this way: will the development of oil production effectively help resolve the problems of hunger, unemployment, health and education, or will it continue to be--as in most countries--a "profit pump" capable, in a short lapse of time, of exhausting the oil reserves without for all that solving the burning questions of the people of the Gulf of Guinea?

Most fortunately, those countries today can benefit from the experience of other oil-producing countries which have been able to assess the extent to which obtaining sovereignty over their oil wealth enabled them to use the petroleum income to advance their economic independence; and they also know the fragility of the gains they have made.

All this experience shows that the "oil weapon," in order to be able to advance noble causes, requires a patient, long-term struggle to constrict the power of the foreign companies and a commitment to a process of recovery and national control over the oil wealth.

This initiative--which, at bottom, is nothing but the exercise of national sovereignty in the field of oil--requires defining and putting into force a strategy aimed at progressively broadening the participation of local workers technicians and cadres in the management of the administrative and technological apparatus in the fields of exploration, production, pricing and marketing oil and petroleum products. Experience shows just as clearly that one cannot effectively protect the future of the country without coming to a real understanding of oil resources or defining a policy to conserve reserves.

The improvement of the people's living conditions, the setting up of basic and processing industries will increasingly lead to a growth in national energy demand. This latter must be the central concern of a rational energy policy.

In the same way, it is now established that there is a real danger of the producing countries placing excessive reliance on their financial resources to solve development problems, to the detriment of the mobilization of human resources. There are numerous examples of producing countries where the exploitation of petroleum resources brought with it a rupture of the overall [illegible] of the economy, through a hypertrophied development of the oil sector and a marginalization of the crucial agricultural sector; or again, another well-known phenomenon, the illusion of a certain financial freedom--the oil revenues punctually "falling like rain"...except when there is a crisis--which encourages getting mired in industrial projects that are out of all proportion to the needs of the country concerned and are undertaken without serious preliminary study.

The search for new reserves and conservation of the known reserves, diversified exploitation of natural resources, processing the crude oil, acquiring competence regrading the administrative and productive apparatus, training people, negotiating contracts that integrate these new requirements, financing development: such are the ins and outs of any energy policy that considers the "oil weapon" as a lever, by a nation, to get a handle on solving the great problems of the people still suffering from underdevelopment. These are questions which the growth in oil production in the Gulf of Guinea are bringing more to the foreground than ever before.

No doubt the paths already traveled these last 20 years by people--both those in developing countries and those in already developed countries--will weigh heavily in the decisions that are presently being taken in the Gulf of Guinea.

9516
CSO: 4400/1093

FUEL CONSUMPTION OF UMOA NATIONS EVALUATED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 17 Apr 81 p 1123

[Text] The Central Bank of the West African States (BCEAO) recently completed a study of the consumption of the principal types of hydrocarbons by countries in the West African Monetary Union (UMOA) from 1975 to 1979.

The successive price increases put into effect by oil-exporting countries over the past 4 years have had a heavy impact on West African nations that do not produce oil (the Ivory Coast was not to have significant production until this year).

In the UMOA, the overall consumption index (on the basis of 100 for 1975) was 146 in 1979 compared with 49 in 1965. During this 15-year period, consumption of the main types of hydrocarbons rose an average of 8.1 percent per year. The highest rate was in 1976 (12.8 percent) and the lowest in 1979 (4.1 percent).

The consumption of the main types of hydrocarbons evolved as follows for the different countries over the 15-year period (expressed in 1,000 m^3):

	Benin	I. Coast	U. Volta	Niger	Senegal	Togo	Total UMOA
Automobile gasoline							
(incl. super) 1965	24.1	148.9	20.2	15.3	89.6	12.3	310.4
1979	55.9	359.6	87	41.8	178.6	87.2	770
Kerosene							
1965	17.8	40.3	7.1	4.3	12.4	12.1	94
1979	33.8	63.4	13.2	5.3	18.9	14.5	147.1
Diesel fuel							
1965	22.4	101.5	7.8	14.3	19.2	17.1	182.3
1979	47.5	428	25.1	124.3	141.6	49.8	816.3
Fuel oil[1]							
1965	1.2	16.6	0.3	(3)	130.3	11.5	159.9
1979	7.3	332.3	14.6	(3)	313.6	42.8	710.6
Diesel oil[2]							
1965	(4)	41.1	-	5	31.9	8.2	-
1979	(4)	99.9	-	23.5	43.9	5.9	-

1 In 1,000 m^3 except for Upper Volta: in 1,000 tons. 2 In 1,000 m^3 except for Upper Volta and Senegal: in 1,000 tons. 3 Included in diesel fuel. 4 Included in fuel oil.

The lower growth in 1979 (4.1 percent compared with 11.5 percent during the 1975-1978 period) is essentially due to the reduced consumption in the Ivory Coast of heavy fuel oil for thermal powerplants as a result of the startup at the beginning of the year of the Taabo hydroelectric plant.

The index table below shows average growth for the 1965-1979 period for each country and the weight of each in the UMOA index at the beginning and end of the period.

	Growth 1965-1979 (% per year)	Structure of Index (%) 1965	1979
Benin	+ 5.8	6.4	4.7
Ivory Coast	+ 8.7	48.4	52.5
Upper Volta	+ 9.4	6.0	7.1
Niger	+ 10.8	4.2	6.0
Senegal	+ 6.1	28.9	23.7
Togo	+ 8.0	6.1	6.0
Total	+ 8.1	100.0	100.0

Since 1978, Benin has purchased electric power from Ghana, which has reduced its demand for oil products. Likewise, the Togo Electric Company has bought power from Ghana, reducing the production of thermal-produced electric power, and since 1979, the Togolese Mining Company in Benin has not produced its own electricity, buying from Ghana instead.

For the Monetary Union as a whole, the structure of consumption changed substantially between 1965 and 1979. Only the share of diesel fuel remained stable:

	Growth 1965-1979 (% per year)	Structure of Index (%) 1965	1979
Automobile gasoline	+ 12.9	20.2	37.9
Kerosene	+ 1.3	20.7	8.5
Diesel fuel	+ 7.9	28.4	28.2
Fuel oil	+ 9.8	17.3	22.1
Diesel oil	-	13.4	3.3
Total	+ 8.0	100.0	100.0

11,464
CSO: 4400/1122

FINANCING, PROJECTS OF OMVS REPORTED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 17 Apr 81 pp 1097-1099

[Text] Completion of the first portion of the OMVS [Senegal River Development Organization] program (construction of the Diama and Manantali dams, construction of the Mahinandi-Manantali road and work on the Mahinandi railroad station) required $865.7 million in January 1981. At the rate of 210 CFA francs to tne dollar, this is equivalent to 181.8 billion CFA francs.

Naturally, it is necessary to reevaluate needs every year and even more frequently in order to take inflation into account. This problem was solved at the meeting of financial backers that was held in Dakar from 25 to 28 November 1980.

It was agreed to use 1980 costs -- already 12.5 percent higher than in 1979 -- in applying the following annual rates of inflation for the succeeding years: 1981 (10 percent); 1982 (9.5 percent); 1983 (9 percent); 1984 (8.5 percent); 1985, 8 percent); 1986 (8 percent); 1987 (8 percent) and 1988 (8 percent).

In Tables OMVS-4 and OMVS-5 below, one will find the distribution of financing needs (end of 1980) in U.S. dollars for the Diama and Manantali dams. The value in dollars can be converted into CFA francs on the following basis: U. S. $1 = 210 CFA francs.

An examination of the figures contained in these tables leads to interesting observations on how work is to be spread out and the cost of each type of operation within the overall program.

For Diama, financing needs are as follows: construction of the project and related facilities: 81.8 percent; electromechanical equipment, 7.4 percent; supervision and inspection of work, 6 percent; and miscellaneous, 4.8 percent.

For Manantali, civil engineering work on the dam itself represents 80.5 percent; equipment, 6.3 percent; supervision and inspection of work, 4.2 percent; work on the Mahinandi station, 2.8 percent; construction of the access road, 2.3 percent; and rehousing of the people forced to move, 1.8 percent.

The operations involving Diama will be spread out over 6 years (between 1981 and 1986 inclusively, in our table). It is likely that the schedule will be adhered to, as will the annual distribution of credits, but because of the delay already observable, startup will be postponed from 6 months to a year.

For Manantali, one must undoubtedly anticipate a similar delay. Moreover, it will be noted that the startup of operations on the dam itself (civil engineering) will not occur the first year of the program of execution, which is spread out over 8 years (1981 through 1988, in our table). The first work planned is that on the access road and the Mahinandi station. The volume of work will not reach its peak until the fifth year and the terminal phase (eighth year) will involve only .18 percent of all investments planned (completion of equipping the facility).

January 1981: $769 Million

On 30 January 1981, the OMVS Directorate of Financial Departments could document commitments amounting to $769 million, distributed as follows (in millions of $):

Saudi Arabia	$150 million
Kuwait	$100 million
Federal Republic of Germany 166 million marks plus $6.3 million	$ 98 million
France	$ 70 million
Abu Dhabi	$ 70 million
African Development Bank (BAD) and African Development Fund (ADF) 26.3 million ADF accounting units and 24 million BAD accounting units	$ 63.1 million
EDF [European Development Fund] 15 + 30 million ECU [European currency units]	$ 60.4 million
Member nations (retrocession out of 5th EDF quotas) 30 million ECU	$ 40.3 million
Iraq	$ 40.6 million
Italy 20 billion Italian lira and $2 million	$ 35.5 million
Islamic Bank (BID)	$ 20 million
Canada 20 million Canadian dollars	$ 17.2 million
Iran	$ 4 million
Total	$769 million

Talks in February and March with representatives of the OPEC Fund for International Development, with Qatar, U.S. AID and the UNDP [UN Development Program] should make it possible to substantially increase the amount of the above commitments before the meeting of financial backers scheduled for the first week in May 1981 in Dakar.

It should be emphasized that between November 1980 and mid-January 1981, contributions increased by over $98 million, with the countries or organizations modifying their participation being the following (in millions of $):

Country or Organization	November 1980	January 1981
Saudi Arabia	100	150
Federal Republic of Germany	91.7	98
EDF	47	60.4
Member nations	60.9	40.3
Iraq	0	40.6
Canada	8.6	17.2
Total	308.2	406.5

It will be noted that the commitments registered by 30 January 1981 were half from Arab nations or the Islamic Bank:

Saudi Arabia	19.5 percent
Kuwait	13 percent
Abu Dhabi	9.1 percent
Iraq	5.3 percent
BID	2.6 percent
Iran	.5 percent

OMVS-4. Diama Financing Needs (in thousands of dollars, value end of 1980)

Elements	1981	1982	1983	1984	1985	1986	Total
Spillway, dredging	8,200	17,940	17,115	13,267	7,640	--	64,162
Lock	4,826	8,814	12,009	7,819	4,503	---	37,971
Opening dike	2,112	3,860	--	--	6,780	5,457	18,209
Access road and final site	4,338	5,805	--	--	--	--	10,143
Closing dike	314	576	--	--	1,010	814	2,714
Related works	600	1,100	--	1,462	1,791	--	4,953
Electromechanical	1,681	3,686	3,100	1,814	2,257	848	13,386
Supervision, inspection and plans of execution	2,171	2,376	2,210	1,478	1,233	1,391	10,857
Training, and so on	371	409	376	248	210	238	1,852
Subtotal	24,613	44,566	34,810	28,086	25,424	8,748	164,247
Physical contingencies	414	4,629	3,795	3,881	3,019	1,310	17,048
Total	25,027	49,195	38,605	29,967	28,443	10,058	181,295

Prices in thousands of dollars (U.S. $1 = 210 CFA francs), taking into account 2 percent for work under state supervision. Needs put at $185,174,100 in order to take future financial effect of companies' reserves into account.

OMVS-4a. Diama (First Portion) Financing Needs Taking Advances Into Account (in millions of CFA francs)

Elements	1981	1982	1983	1984	1985	1986	Total
Spillway and dredging	1,721	3,767	3,594	2,786	1,604		13,474
Lock	1,014	1,851	2,522	1,642	948		7,974
Opening dike	444	811			1,424	1,145	3,824
Access road and final site	911	1,219					2,130
Closing dikes	66	121			212	171	570
Complementary facilities	126	231		307	376		1,040
Electromechanical	353	774	651	381	474	178	2,811
Execution plans	456	499	464	310	259	292	2,280
Supervision and inspection	78	86	79	52	44	50	389
Subtotal	5,169	9,359	7,310	5,478	5,339	1,837	34,492
Physical contingencies	87	972	797	815	634	275	3,580
Total	5,256	10,331	8,107	6,293	5,973	2,112	38,072

OMVS-5. Manantali Financing Needs (in thousands of dollars, value end of 1980)

Elements	1981	1982	1983	1984	1985	1986	1987	1988	Total
Civil engineering		84,600	73,486	109,790	130,148	93,105	56,533		547,662
Equipment			6,100	10,571	7,633	8,243	9,200	1,248	42,995
Access road	4,095	9,381	2,372						15,848
Relocation		471	1,443	2,548	2,752	2,972	1,981		12,167
Deforestation			1,567	1,700	1,848	1,995			7,110
Supervision, etc.		3,557	5,766	5,067	5,067	5,476	3,848		28,781
Training, etc.		729	1,167	905	1,000	1,095	1,395		6,291
Railroad	5,057	10,610	3,452						19,119
Total	9,152	109,348	95,353	130,581	148,448	112,886	72,957	1,248	679,973

OMVS-5a. Manantali (First Portion) Financing Needs Taking Advances Into Account (in millions of CFA francs)

Elements	1981	1982	1983	1984	1985	1986	1987	1988	Total
Civil engineering, dam		17,766	15,432	23,056	27,331	19,552	11,872		115,009
Equipment			1,281	2,220	1,603	1,731	1,932	262	9,029
Access road*	860	1,970	498						3,328
Rehousing		99	303	535	578	624	416		2,555
Deforestation			329	357	388	419			1,493
Supervision, execution plans, reception, outside experts		747	1,211	1,064	1,064	1,150	808		8,044
Training, training OMVS personnel		153	245	190	210	230	293		1,321
Railroad infra.	1,062	2,228	725						4,015
Total	1,922	22,963	20,024	27,422	31,174	23,706	15,321	262	142,794

*Price for unpaved road.

OMVS

1 Barrages de Diama et Manantali
Projet de plan d'affectation et sources de financement

(En 1 000 dollars US, en novembre 1980)

2	Arabie séoudite	3 Koweït	4 RFA	France	BAD/FAD	Abu-Dhabi	Italie	FED	BID	Canada	Iran	5 Sous-Total	Financement complémentaire	6 États-membres	TOTAL
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
DIAMA															
7 Évacuateur et dragages	20 523	–	–	10 000	–	–	–	–	–	–	–	30 523	33 639	–	64 162
8 Écluse	–	10 783	–	–	–	13 425	–	–	–	–	–	24 188	13 783	–	37 971
9 Digue de bouchure	–	–	–	5 466	12 743	–	–	–	–	–	–	18 209	–	–	18 209
10 Route d'accès	–	–	–	10 143	–	–	–	–	–	–	–	10 143	–	–	10 143
11 Digue de fermeture	–	–	–	2 714	–	–	–	–	–	–	–	2 714	–	–	2 714
12 Ouvrages complémentaires	–	–	–	4 953	–	–	–	–	–	–	–	4 953	–	–	4 953
13 Équipement électromécanique	–	–	–	5 886	7 500	–	–	–	–	–	–	13 386	–	–	13 386
Supervision, etc.*	4 289	4 289	–	2 279	–	–	–	–	–	–	–	10 857	–	–	10 857
14 Formation, etc.	–	–	–	1 862	–	–	–	–	–	–	–	1 862	–	–	1 862
15 Sous-total	24 812	15 052	–	43 293	20 243	13 425	–	–	–	–	–	116 825	47 422	–	164 247
16 Aléas physiques et financiers	2 500	2 948	–	615	2 373	1 576	–				4 000	14 011	7 456	–	21 467
TOTAL DIAMA	27 312	18 000	–	43 908	22 616	15 000	–	–	–	–	4 000	130 836	54 878	–	185 714
MANANTALI															
17 Génie civil barrage	65 493	47 805	75 954	24 892	–	47 805	35 500	31 152	20 000	–	–	375 601	172 061	–	547 662
18 Équipement	–	–	8 550	–	25 846	–	–	–	–	8 600	–	42 995	–	–	42 995
19 Route d'accès	–	–	–	–	–	–	–	15 848	–	–	–	15 848	–	–	15 848
20 Recasement	–	–	–	–	12 167	–	–	–	–	–	–	12 167	–	–	12 167
21 Déboisement	–	–	–	–	2 473	–	–	–	–	–	–	2 473	4 637	–	7 110
Supervision, etc.*	7 195	7 195	7 196	–	–	7 195	–	–	–	–	–	28 781	–	–	28 781
22 Formation, etc.	–	–	–	–	–	–	–	–	–	–	–	–	6 291	–	6 291
23 Chemin de fer	–	–	–	1 200	–	–	–	–	–	–	–	1 200	17 919	–	19 119
TOTAL MANANTALI	72 688	82 000	91 700	26 092	40 486	55 000	35 500	47 000	20 000	8 600	–	479 066	200 908	–	679 973
Total Diama + Manantali	100 000	100 000	91 700	70 000	63 101	70 000	35 500	47 000	20 000	8 600	4 000	609 901	255 786	–	865 687
24 Intérêts intercalaires et commissions	–	–	–	–	–	–	–	–	–	–	–	–	–	60 900	60 900
TOTAL GÉNÉRAL	100 000	100 000	91 700	70 000	63 101	70 000	35 500	47 000	20 000	8 600	4 000	609 901	255 786	60 900	926 587

25 (*) Les coûts du service du consultant général ne sont pas pris en compte.

Key to table on previous page:

1. Diama and Manantali Dams, Proposed Sources of Financing and Allocation (in U.S. $1,000, November 1980)
2. Saudi Arabia
3. Kuwait
4. Federal Republic of Germany
5. Additional financing
6. Member nations
7. Spillway and dredging
8. Lock
9. Opening dike
10. Access road
11. Closing dike
12. Complementary facilities
13. Electromechanical equipment
14. Training, etc.
15. Subtotal
16. Physical and financial contingencies
17. Civil engineering, dam
18. Equipment
19. Access road
20. Rehousing
21. Deforestation
22. Training, etc.
23. Railroad
24. Intercalated interest and commissions
25. Costs of general consultant's department not taken into account.

The remaining 50 percent was distributed as follows (bilaterally or multilaterally):

Europe	
EDF (and reconveyances)	13.1 percent
Federal Republic of Germany	12.75 percent
France	9.1 percent
Italy	4.6 percent
Africa	
BAD/ADF	8.2 percent
America	
Canada	2.25 percent

The African Development Bank or its subsidiary, the African Development Fund, which will contribute $63.1 million (a little over 13 billion CFA francs), would have wished to devote a large share of its contribution to the equipping of the Manantali electric powerplant. However, this equipment is not included in the first phase of operations. Nevertheless, one can consider the following allocations (in millions of CFA francs): BAD: Diama (1,705), Manantali (5,414); ADF: Diama (2,991), Manantali (2,991). This makes a total of 64.2 percent for Manantali and 35.8 percent for Diama.

Credits allocated by the EDF are essentially for construction of the Mahinandi-Manantali Dam access road.

Funds from the Islamic Development Bank have been temporarily included in the Civil Engineering column for the Manantali Dam, but could cover other elements.

Enterprises or Groups of Enterprises Pre-Selected for Completion of the First Phase of the OMVS Program

Civil Engineering

1) Group; Bilfinger and Berger Bau (Federal Republic of Germany); Philipp Holzmann (Federal Republic of Germany); International Construction Company (France, grouping: Dredging and Public Works, Spie Batignolles, Campenon-Bernard Cetra, General Public Works Company, Marseille Construction Company); Impresa Astaldi all'Estero (Italy);

2) Group: Impregilo (Italy); Ways und Freitag (Federal Republic of Germany); Fougerolles (France);

3) Group: Hochtief (Federal Republic of Germany) and COGEFAR [expansion unknown] (Italy);

4) Group: Zublin (Federal Republic of Germany); Dyckerhoff und Widmann (Federal Republic of Germany); Losinger (Switzerland); SAGECCOM [expansion unknown] (France);

5) Group: Sainrapt et Brice (France); Torno (Italy); Polensky und Zollner (Federal Republic of Germany); Borie (France); Sabalpina (Switzerland); SATOM [expansion unknown] (France);

6) Dredging and Construction (Spain);

7) Group: Agroman Empresa Constructora and Entrecanales y Tavora (Spain); and
8) Dumez-Afrique (France)
8) Dumez-Afrique (France).

Electromechanical Equipment:

1) Neyrpic (France); 2) Voest Alpine (Austria); 3) Energoprojekt (Yugoslavia); 4) Noel (Federal Republic of Germany); 5) MAN [expansion unknown] (Federal Republic of Germany); 6) Vevey (Switzerland); and 7) Krupp (Federal Republic of Germany).

Supervision of work on the Diama Dam was entrusted to the Diama Group, with SOGREAH [expansion unknown] as project foreman.

Supervision of work on the Manantali Dam was entrusted to the Manantali Group, with Rhein-Rhur as project foreman.

The Sir Alexander Gibb and Partners engineering consulting firm was chosen as general consultant for the program as a whole.

The allocation of credits granted by Iraq is not yet known to us.

Probable Allocations of Funds

In principle, the backers manifest the desire -- or demand -- to see their contributions allocated for specific operations or well-defined phases or sectors within the operations.

It has not been possible for us to publish a table of final allocations of available credits, but we do give (OMVS-6) a summary of the main lines of the likely distribution in November 1980 (that is, before the last commitments mentioned above).

The loan from Saudi Arabia, acquired in three installments ($33/$100/$150 million) should normally be assigned to Manantali (73.3 percent) and Diama (26.7 percent). In 1978 (level: $100 million), the planned distribution was as follows: Diama (40 percent); Manantali (30 percent); navigation on the river (30 percent).

Funds from Kuwait go in principle to Manantali (72 percent) and Diama (28 percent).

The contribution of Abu Dhabi, which has gone from $50 to $70 million in September 1980 following the visit of President Senghor, could go to Manatali (78.6 percent) and Diama (21.4 percent).

The German loans (very low interest, for 50 years, 10 years deferment) are exclusively for Manantali (civil engineering and supervision of work).

In April 1980, President Giscard d'Estaing raised France's contribution to $70 million. It had previously included a FAC [Aid and Cooperation Fund] grant of $19.3 million (80 million French francs) and a loan of $38.5 million (160 million francs) from the Central Fund for Economic Cooperation (CCCE) (3.5 percent, 25 years, 8 to 10 years deferment). The French contribution is to go to Diama (65 percent) and Manantali (35 percent).

Covering Financing Needs

With $768.5 million in commitments by January 1981, the OMVS had 88.77 percent of its financing, which at the time was estimated to total $865.7 million.

In principle, it was possible to start work. Actually, at the meeting of backers in November 1980, most of them reached an agreement according to which they pledged to formally authorize the startup of operations in order to launch work on the first phase of the program as soon as financing pledges reached the required minimum of 80 percent of needs and as soon as firm assurances were given by members of the OMVS to cover the remaining 20 percent.

Nevertheless, the German delegation asked that for the signing of contracts and the startup of work, 85 percent of the financing needs should be covered. The Federal Republic of Germany also announced to the advisory committee that it was willing to raise its contribution if other backers made a similar effort. Since that time, some effort has been made and the movement can only expand at the next meeting of financial backers planned for Dakar in May.

The current rate of participation will without a doubt be improved despite the effect of inflation, which is increasing costs by some .8 percent monthly. One can reasonably expect that the 95-percent rate of cover will be reached (that is, $850 out of the $892 million then needed).

A slightly lower figure would even be a victory and nothing would then oppose the actual launching of a vast undertaking whose completion has been anticipated for nearly half a century and in whose success three countries on the banks of the Senegal River and all of Africa have placed immense hopes.

11,464
CSO: 4400/1121

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INTER-AFRICAN AFFAIRS

BRIEFS

SENEGALESE-ANGOLAN INITIATIVE--Senegalese President Abdou Diouf has suggested to Luanda that this country send an official delegation to discuss the normalization of relations between the two countries. It is recalled that President Leopold Senghor had been the only African chief of state who had refused to recognize the People's Republic of Angola, while providing support and protection to the two Angolan puppets, Jonas Savimbi and Holden Roberto, both well-known CIA agents and collaborators of the racist South Africans. Is the Senegalese chief of state's initiative an indication of a new orientation in Dakar's diplomacy? Luanda would be agreeable to it, even though Angola does not discount the pressure King Hassan II has doubtlessly put on the Senegalese chief of state to discourage this initiative. [Text] [Paris AFRIQUE-ASIE in French 13 Apr 81 p 52]

ECOWAS MEETINGS--Directors of studies of the Central Banks of countries belonging to ECOWAS met in Lome from 26 to 28 March and the committee of governors of the Central Banks will meet in Accra on 8 May. A meeting of transportation experts was held in Cotonou from 13 to 16 April. Coming statutory meetings: board of directors of the Fund, 4-5 May in Banjul; transportation, telecommunications, energy (energy subcommittee), 6-7 May in Freetown; industry, agriculture and natural resources, 8-11 May in Freetown; commerce, customs, immigration, monetary questions and payments, 11-14 May in Freetown; financial experts, 15-17 May in Freetown; meeting of mass media, 18-19 May in Freetown. In addition, the Council of Ministers will hold two meetings as it does every year, the first in Freetown from 20 to 23 May and the second in Freetown also from 18 to 20 November. The first meeting will plan the summit conference of chiefs of state and heads of government of ECOWAS countries and will be held on 23-28-29 May in Freetown. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 17 Apr 81 p 1123] [COPYRIGHT: Rene Moreux et Cie Paris 1981] 11,464

JOINT NIGER-SENEGAL COMMISSION--Senegal and Niger decided to set up a joint commission for cooperation. An agreement was signed on 5 April by Moustapha Niasse, foreign minister of Senegal, and by his counterpart, Daouda Diallo, who was on an official visit in Senegal. According to the two ministers, creating this commission makes it legally possible for each country to establish cooperation according to their "own connections." [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 10 Apr 81 p 998] [COPYRIGHT: Rene Moreux et Cie, Paris 1981] 9465

CSO: 4400/1083

ANGOLA

BRIEFS

PARIS-LUANDA FLIGHTS--In spite of many maneuvers, the Angolan Government has succeeded in establishing that the second airline connecting Paris to Luanda will be the Angolan TAAG airline. French authorities had expressed the desire that the UTA airline, which flies once a week from Paris to Luanda, should effect a second weekly flight. In coming weeks, the two weekly flights will be those of the TAAG and the UTA. [Text] [Paris AFRIQUE-ASIE in French 13 Apr 81 p 52]

CSO: 4400/1172

EQUATORIAL GUINEA

BRIEFS

IMF AID--The International Monetary Fund has authorized the government of Equatorial Guinea to buy the equivalent of 4.7 million SDR [Special Drawing Rights] or $5.7 million), within the compensatory financing facility of the Fund, and this is because of the drop in exports recorded for Equatorial Guinea during the 12 months ending 30 October 1980. This drop was due mainly to a decrease by 30 percent in cocoa exports, that followed a shortage in manpower, fertilizers, insecticides, in addition to a poor international exchange rate. The IMF quota for Equatorial Guinea is 15 million SDR, of which it had already taken for other operations the equivalent of 9.67 million SDR. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 10 Apr 81 p 1016] [COPYRIGHT: Rene Moreux et Cie, Paris 1981] 9465

FRG RELATIONS--The year 1980 saw a definite renewal in political relations between the FRG and Equatorial Guinea. In Bonn, these relations were the main topic at talks between the president of Equatorial Guinea during his stay in the FRG in November 1980, and the president of the FRG, the minister of Economic Cooperation, and other German high officials. On 30 September 1980, Mr Julian Escono Abaga Ada Nzogo presented his credentials to Bonn, as ambassador of Equatorial Guinea in the FRG, with headquarters in Paris. The possibility of future economic cooperation (technical assistance) between Germany and Equatorial Guinea were also the subject of various discussions during the visit of Equatorial Guinea's head of state in Germany. Last January, an outline agreement for economic cooperation and an exchange of notes on sending five German economic advisors to Malabo took place. The above mentioned advisors have since arrived in Malabo. Though trade between the FRG and Equatorial Guinea has remained quite slack during 1980, one can see an ever increasing interest by the German business world and the intention to establish stronger business ties with Equatorial Guinea. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 10 Apr 81 p 1016] [COPYRIGHT: Rene Moreux et Cie, Paris 1981] 9465

SPANISH PETROLEUM EXPLORATION CONCESSION--The government of Equatorial Guinea granted a concession for petroleum exploration to GEPSA [expansion unknown], a branch of the Spanish petroleum company Hispanoil. This concession covers an area of almost 2000 square km and is on the continental plateau, north-east of Bioko Island. Investments for the next 3 years are expected to amount to $24.5 million, and the first drilling operations will start at the beginning of June. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 10 Apr 81 p 1016] [COPYRIGHT; Rene Moreux et Cie, Paris 1981] 9465

CSO: 4400/1083

ECONOMIC SURVEY SHOWS RELATIVELY LOW FOREIGN DEBT

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 17 Apr 81 pp 1109-1112

[Article by Christian Chaise: "Socialist Ethiopia Awaits Aid From the West"]

[Excerpts] To say that Ethiopia has come a long way is a nice euphemism. Actually, the empire inherited from the Negus by the military in 1974 came close to breaking up 3 years later under the staggering blows of the different liberation movements fighting the central government. The fact is that Ethiopia is not just a mosaic of peoples, like most other African nations, but a plurinational state as well, undermined from the beginning at the end of the last century by the desire for emancipation of the nations of which it is composed.

More than 3 years after skirting catastrophe, the Derg[1] seems to have the situation well in hand. The settling of accounts within this mysterious organization, a common occurrence after the military takeover, has ceased and it would appear that no one is now in a position to contest the preeminence of Lt Col Mengistu Haile Mariam.

Another noteworthy improvement in the past 3 years is that the different liberation movements are on the defensive. Moreover, what could they hope for against a large army with superior equipment from Moscow and the continuing "fraternal" aid of from 12,000 to 15,000 Cuban *barbudos*?

But more than the improvement in the military situation, it is the evolution in the diplomatic area that is the Derg's greatest success. Despite its unequivocal affiliation with the Soviet bloc, Ethiopia has in fact managed to tighten its bonds with the Sudan, the main rear base of the Eritrean soldiers, Djibouti and above all, Kenya.

The goal sought: isolation of the hereditary Somali enemy, was achieved beyond all hopes. Held in suspicion by all its neighbors and collapsing under the weight of nearly 2 million refugees who fled Ogaden,[2] Somalia now has its hands tied. Ethiopia is in a position of strength.

And yet, even if the country's territorial integrity and its own power are no longer truly threatened, the Derg continues to emphasize the war effort. The Somali-American agreement signed in Washington in August, authorizing the United States to use the port of Berbera less than 200 kilometers from the Ethiopian border, has intensified the Ethiopian leaders' feeling that their country is a besieged citadel. It would therefore be surprising if the portion of overall spending devoted to military expenditures were to decrease in the near future. For the 1979-1980 fiscal year,[3] the defense budget was reportedly 1.1 billion birr[4] out of a total of 2,365,000,000, or some 46 percent (percentage similar to that of the previous year).

Increasing Agricultural Production

By disorganizing production and diverting the country's meager resources from the productive sectors, the war effort has singularly complicated the Derg's economic task, particularly in agriculture. And yet, agriculture is the prime concern of the 30 million Ethiopians. Some regions are actually on the brink of famine. The causes? The drought, naturally, but also the inadequacy of the communications system. The deterioration in the food situation is reflected in the steady drop in the daily ration per inhabitant in the past 6 years[5]: from 426 grams in 1975-1976 to 321 grams in 1979-1980. The traditional food products (grain and leguminous plants) have not followed the growth in population. In the case of grain, there has even been a decline. It should therefore not be at all surprising that the grain shortage, which was 250,000 tons in 1979, rose to 350,000 tons in 1980.

In order to provide the people with an adequate diet, the increase in agricultural production is the prime slogan of the economic development campaign launched by the Derg at the end of 1978. Placed under the responsibility of a central planning counsel, this campaign takes the place of a plan covering several years. In addition to the drought and the war, the major reason for its failure, in the agricultural area, is the low prices to producers. Under such conditions, the farmers have no interest in increasing production or in selling their surpluses to the government, which has caused the development of shortages and the black market in the capital, the classic phenomenon of nationalized economies. An inevitable corollary: In 1979, prices of food products rose some 30 percent in Addis Ababa even though distribution is almost totally in the hands of the state.

The creation of supervisory organs, the sending of government agents to rural areas to force farmers to be cooperative: Nothing worked and the Derg had to decide to set up a severe system of rationing based on district committees (the notorious *kebeles*).

This situation is all the more abnormal because Ethiopia has an arable area of 800,000 square kilometers, but only one-eighth is cultivated. Essentially, they are little plots of ground without any technical resources, in spite of which they provide 94 percent of all production. As for the state farms, set up to reduce the food shortage, they contribute only 6 percent of all production on 2 percent of the arable land.

In any given year, agriculture nevertheless contributes half of the gross national production, absorbing 78 percent of the active population of a country where 90 percent of the people are farmers:

	1977-1978	1978-1979	1979-1980
GNP (in millions of birr)	4,009.3	4,217.5	4,456.2
Agriculture	1,922	1,968.4	2,062.2

In addition to the increase in the production of grain, the national economic development campaign also emphasizes the promotion of exports, or in other words, coffee sales.

Coffee is in fact the main, not to say the only, source of foreign exchange for the country. In 1978, it provided 81.9 percent of all export receipts (compared with 68 percent in 1979). Production can be estimated at 200,000 tons (6 to 7 percent of world production of Arabica), half of which is consumed locally. What is tragic is that Ethiopia is now the victim of a spectacular drop in world prices, after taking advantage of the increase in 1976 and 1977 (due to the freeze affecting Brazilian plantations). A pound of Ethiopian coffee, selling for $1.80 at the beginning of last year, found no takers at over $1.15 in February, the minimum price set by the World Coffee Organization for the 1981 season. It is such a low price that the farmers prefer, as usual, to keep their harvest.

Exports therefore amounted to only 47,200 tons for the first 6 months of 1980, compared with 54,180 tons for the same period last year. Receipts, which reached the record level of $286 million in 1979, reportedly fell to $245 million in 1980, a drop that will continue this year.

Adding to this plunge in coffee prices is the collapse of prices for hides and leathers, the second source of foreign exchange (10.4 percent of all export receipts in 1978 and 16.8 percent the following year). Between January 1980 and January 1981, these prices were quite simply cut in half!

Ethiopia's situation illustrates in a particularly eloquent way the drama of developing countries without energy resources whose economies depend entirely on the price of a raw material (agricultural or mineral) that varies erratically.

At the same time, the cost of imports increases alarmingly due to the increase in the cost of oil and greater grain purchases. In 1979, Ethiopia imported wheat costing 58.7 birr (one-third from France), or a sum slightly higher than that paid for all imported food products in 1978.

For their part, oil purchases stemming from the war effort exceeded 450,000 tons in 1980 for crude (compared with 375,000 tons the previous year) and 100,000 tons for finished products. Supplied by the USSR by virtue of an agreement signed in March 1980,[6] Ethiopia does enjoy a favorable price ($2 a barrel lower for Arabian light of equivalent quality). And yet, the bill is high: For the period from July 1979 to June 1980, the oil bill ate up half of all receipts from coffee sales. Between 1978 and 1979, oil imports rose 16 percent, but between the first 6 months of 1979 and the first half of 1980, the rise was 43.5 percent!

Halting the Slide

In order to stop this increase in imports, the Derg imposed severe restrictions as early as 1978, banning imports of luxury products,[7] for example, or of any product having an equivalent made locally.

The effectiveness of these measures remains to be shown because last year, the increase in imports was reportedly on the order of 30 percent. Naturally, the trade deficit, which had gone down in 1979 (thanks to rising prices for coffee and hides), began to expand again:

Ethiopian Foreign Trade (in millions of dollars)

	1978	1979	1980 (est.)
Exports	306.2	425.9	400 (- 11%)
Coffee	(242.7)	(286.3)	(245)
Imports	519.9	603.6	790 (+ 30%)
Balance	-213.7	-177.7	-390 (+ 110%)

If the trend toward lower coffee prices continues, 1981 will witness a worsening of the trade balance, for it is reasonable to expect a 20-percent increase in imports.

Inasmuch as the Derg had no way of affecting the prices of coffee or hides on the world market, it decided, in an effort to half the slide, to reduce imports, particularly in the industrial field (oil imports being incompressible). Industry which is 80 percent nationalized, has three branches: the processing of raw materials from agriculture (sugar, milk, tobacco, meat, but hides and leathers and textiles as well), the production of building materials and some chemical plants. It represents some 15 percent of gross national production.

Concentrated in the Addis Ababa region and Eritrea, the few industrial units have slowed down in the past several years, because of the war, naturally, but also because of a lack of raw materials and spare parts. Beginning in 1978, the Derg tried to get them back on their feet, particularly in Eritrea.[8] The need to restore a productive apparatus made inoperable because of a lack of maintenance and operations led to a 50-percent leap in purchases of equipment between 1978 and 1979, a year when they made up one-sixth of all imports. At the present time, work to expand 12 plants is underway ($113 million in investments) and 8 new units will be set up between now and 1984, which will require investments totaling $260 million. Naturally, a solution to the dramatic problem of the lack of trained upper-level personnel remains to be found. Out of 70,000 persons working in industry, there are less than 200 high-level technicians and skilled workers do not even number 500.

The Derg's emphasis on the relaunching of industry resulted, in 1978-1979, in a 13.1-percent growth (7.8 percent in 1979-1980), a rate markedly higher than that of agriculture (2.4 and 4.8 percent the following year), but also higher than that of the overall growth of the economy (5.19 percent in 1978-1979 and 5.66 percent in 1979-1980).

Actually, there is practically no sector but construction that can show better results (7.7 percent in 1978-1979 and 16.6 percent the following year), after a 4-year recession. The Derg is fully aware that the building sector is a bottleneck that checks the completion of most projects. It therefore expects to double its efforts, particularly in order to increase cement production (a new cementworks will be built at Dire-Dawa in Ogaden, with Soviet aid). The authorities' interest in the construction sector is not without ulterior motives, however: If expanding the road system is especially urgent, it is mainly because of military concerns.[9]

In the long run, development of industrial production that would result in fewer purchases abroad is therefore possible. But in the immediate future, urgent measures appear necessary in order to rehabilitate a delicate financial situation. The year 1979 was marked by a slight improvement in th balance of payments, with the deficit being reduced from $112.7 to $84.2 million. For 1980, initial estimates show a deficit of $277 million. Ethiopia therefore runs the risk of seeing a collapse of its foreign exchange reserves, which, according to the IMF, went from $172.2 to $120 million in the space of 10 months, from the beginning of last year to the end of October. They are reportedly still free falling because according to semi-official information, they dropped to $76 million in the month of December, which would explain why the Central Bank suspended the granting of any new import licenses in January.

Resumption of International Aid

And yet, the situation is far from being desperate because 1980 marked a promising resumption of international assistance. This aid was almost totally frozen following the nationalization of foreign property decided upon in 1975. Since that time, Ethiopia has had to be content with a few Italian or Swedish loans and especially aid from the EDF [European Development Fund]. More than ever, the EEC remains the country's main backer. Under Lome I, Ethiopia received $135 million (it has used only one-third of the package) and it will receive $210 million within the framework of Lome II (that is, between now and 1986). Furthermore, Addis Ababa will receive STABEX [Export Stabilization Fund] aid from the EEC this year to compensante for the drop in coffee prices.

Since the Derg agreed to examine protests raised by the 1975 nationalizations, the World Bank hailed this gesture of good will and decided to resume aid immediately. As for the United States, the dispute is still too recent between the two countries to envisage any resumption of American assistance immediately. Such a gesture would be welcome, however, because of the extent to which the balance of payments has deteriorated in recent months. The deficit, only $9.8 million in 1979, reportedly reached $187 million last year and according to some predictions, might go as high as $380 million in 1981.

Ethiopia therefore mainly needs financial aid for its balance of payments in order to attenuate the effects of the current circumstances. Such aid is perfectly possible because even though foreign assistance was put on a back burner after 1975, the foreign debt has remained at a reasonable level (naturally, at the price of a drop in foreign exchanges assets, which now represent only one or two months of exports). By the end of 1979, it totaled $600 million, with the main creditors being the World Bank (49.7 percent), the United States (25 percent) and the Federal Republic of Germany (8.7 percent). At the end of last year, the debt did not exceed $700 million, with the service charge being an estimated $35 million. The rate of service, on the order of 5 percent, shows that Ethiopia is a relatively unencumbered country.

Nor are economic arguments alone in pleading for increased financial aid from the West. There is no dearth of political reasons: By supporting Ethiopia's economic development, the Westerners could gradually lead the Derg away from the Soviet bloc. On the other hand, isolating Addis Ababa would certainly have the opposite effect. Moreover, there are those within the ruling team who are not always very content over the heavy presence of the Soviets and their allies, whose economic aid is obviously not up to the Derg's expectations.

Aid from the Eastern countries generally takes the form of medium-term credits (8 to 10 years) at low interest rates (4 percent) going to the industrial sector. But the main portion of the Ethiopian debt to these countries is in fact military: some $2 billion, without it being possible to distinguish between gifts and long-term loans.

More than ever, it is therefore from the Western countries that Ethiopia expects the aid it needs. Despite the political vicissitudes of recent years, it primarily turns to the United States, West Europe and Japan, as shown by the structure of its foreign trade:

Foreign Trade by Geographical Areas (in millions of birr)

	Imports	Exports
Total	1,193	876
United States	137.5	255
Japan	124.4	53.6
EEC	399	244
Federal Republic of Germany	118.6	55.3
Italy	117.2	98
Great Britain	77.9	20
France	37.2	29
CEMA	94.5	82.9
USSR	22.9 (1.9%)	59 (6.73%)
German Democratic Republic	36.7	5

Ethiopia's eighth-ranking supplier in 1976, France has since moved up to sixth place, with its share of the market being 4.4 percent (compared with 2 percent in 1976). French exports include agricultural and food products (especially wheat and milk products), equipment and consumer goods.

But there has been a spectacular increase in French purchases in the past 2 years (80 percent coffee: 7,829 tons in 1980): 78 million francs in 1978, 119 million in 1979, 162 million in 1980. As a result, the balance, in France's favor in 1978 (26 million), has now tipped the other way (6 million in 1979, 67 million in 1980). However, the balance should be restored this year following a contract signed in July by Fives-Cail Babcock and the Ethiopian Sugar Corporation for expansion of the Metahara sugarmill. Equipment worth 32 million francs will be delivered within the year. Last year, two other French companies signed contracts: Peugeot, for the supplying of vehicles (5 million francs) and the BCEOM [Central Study Office for Overseas Equipment], for a rain drainage system in the capital.

This year, the BCEOM hopes to obtain four more contracts, while Fives-Cail Babcock is interested in the construction of a dairy at Assela (10 million) and Nordon has good hopes of winning an 18-million-franc contract for the supplying of equipment for a malt plant. These projects will be matched by COFACE [French Insurance

Company for Foreign Trade] credits within ceilings set for Ethiopia (80 to 100 million francs). Whatever the case, Stirn's visit last month can only promote a development of trade (see MARCHES TROPICAUX, 20 March, p 796). Of all the domains in which France has promised to take action, the most important one of all is, without a doubt, that of the Djibouti railroad, which hauls 60 percent of all Ethiopia's foreign trade. For Ethiopians, the rail line is also a lifeline.

BIBLIOGRAPHY

1. The Derg, coordinating committee of the Ethiopian Armed Forces, was set up in February 1974. Six and one-half years after it came to power, its makeup is still kept secret and its power is still undivided.

2. See MARCHES TROPICAUX, No 1838, 30 January 1981, p 232.

3. The Ethiopian fiscal year begins on 7 July.

4. \$1 = 2.07 birr; 1 birr = approximately 2.45 French francs.

5. Supplied by the UNDP [UN Development Program], these figures do not take imports and foreign food aid into account.

6. Anxious not to depend solely on the Soviet Union, Ethiopia would now seek other sources of supplies and has reportedly contacted Saudi Arabia and Kuwait.

7. Luxury products include many food products: meat and live animals, milk products with the exception of powdered milk, canned fruits, vegetables or meats.

8. Energy consumption rose 15 percent in this region, after 5 years of stagnation.

9. Since the military takeover, some 6,079 kilometers of roads have been built, 1,209 between June 1979 and June 1980. In 6 years, the road system expanded by nearly 50 percent!

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CSO: 4400/1124

ETHIOPIA

OFFICIAL REVIEWS REVOLUTION'S ACHIEVEMENTS, FUTURE PLANS

Havana BOHEMIA in Spanish 20 Mar 81 pp 76-77

[Report of interview with Legesse Asfaw, member of the Permanent Committee of the Temporary Military Administrative Committee [CAMP], by Pedro Rioseco; date and place of interview not given]

[Excerpts] As a member of the CAMP Permanent Committee, Legesse Asfaw is currently in charge of forming the Organizing Committee of the Ethiopian Working Peoples Party [COPPTE], which is now in the process of being created and which will be the Marxist-Leninist party in charge of leading the people in the building of socialism in Ethiopia.

This man of only 31 years of age and of affable personality, who kindly consented to grant us an interview for BOHEMIA, is one of the initiators and principal leaders of the Ethiopian Revolution.

[Question] Could you tell us something about the agreement between Somalia and the United States as part of the imperialist strategy in Africa?

[Answer] The August 1980 agreement between Somalia and the United States, under which the Somalia's current reactionary regime is committed to sell its ports of Berbera and Kismayou to the United States to be used by the latter as military bases, is part of imperialism's world strategy and that of the reactionary forces to subvert the progressive peoples' revolutions and rule the world. The military bases recently acquired in Somalia by the United States will be added to its existing ones in Egypt, Oman, Diego Garcia and other parts of the world. It is obvious from this that imperialism does not vacillate in taking advantage of any opportunity that presents itself to subvert the revolutions of the progressive peoples of Africa and other parts of the world--of Latin America, for example. This is why the agreement between the United States and Somalia is considered a part of the imperialist struggle for the domination of Africa and of the entire world.

[Question] With regard to President Mengistu Haile Mariam's visit to the Soviet Union, what have been its most important results?

[Answer] Comrade President Mengitsu Haile Mariam's visit to the Soviet Union must be considered in the light of the Treaty of Friendship and Cooperation that exists between the Soviet Union and Revolutionary Ethiopia. Seen from this viewpoint, it is natural for friends to meet, and it is not difficult to imagine the results of a meeting between friends. In short, Comrade Mengitsu's visit to the Soviet Union has helped both parties to exchange views on bilateral and international issues of mutual interest and to further strengthen the close ties that already exist between the two countries.

[Question] What are your country's primary social, political and economic objectives?

[Answer] Ours is probably the most backward feudal society history has ever known. The oppressive fist of the regime was unquestionably formidable but was unable to break the indomitable will of our people to free themselves of that historically antiquated socioeconomic system. The revolutionary fervor that broke out in the shanties and made its appearance in the factories, together with the numerous revolts of the farm workers, produced a revolutionary situation that finally exploded in February 1974. The feudal order and the monarchy were abolished.

A national democratic revolutionary program was put into effect, under which the socioeconomic system was radically restructured. An agrarian reform law was introduced that nationalized lands and distributed them among the farmers. Another equally radical step was the nationalization of the urban properties and extra homes. This is what did away with the detestable and abusive rental system to which thousands of city inhabitants were being subjected. Rents were reduced, in some cases by 50 percent, which benefited low-income persons. With generous government loans and free terrains, many city inhabitants were now able to build their own homes in urban areas. The financial institutions, that is, banks, insurance companies, etc., were also nationalized and made available to the people.

Production ratios cannot be said to have changed with the passing of the ownership of lands from the landholders to the farm workers. The resurgence of capitalism would of course have been a virtual certainty if the matter had been left to chance. This was the consideration that led the CAMP to foster the creation of cooperatives by granting all the necessary facilities in the form of easy credits, farming machinery services, fertilizers, etc. To modernize farming and introduce new technologies, among other things, the government promoted state-owned granaries, eliminating private ownerships once and for all. These measures have put Ethiopia firmly on the road to socialist growth. The fact that this historical feat has been achieved without leadership from a political party has earned for our revolution a unique place in the world revolutionary process of this era. This has also taken those bourgeois detractors down a peg who were saying that ours was just another of those military coups that are unfortunately not infrequent nowadays. Under Comrade President Mengistu Haile Mariam's wise and prominent leadership, the CAMP has taken a number of parallel steps designed as prerequisites to the building of socialism.

The Revolutionary National Economic Campaign was launched, having among its objectives the reconstruction of our war-devastated economy, the satisfying of our people's basic and urgent needs, and the elimination of all the traces of underdevelopment inherited from the previous regime. The Campaign has as one of its objectives the gathering of the data needed to bring forth a 10-year development plan. We have now achieved encouraging results in all sectors. Unemployment in the urban sector has been reduced substantially. Our relocation, water conservation and irrigation programs have brought vast relief to a goodly number of our people who were victims of natural and man-made disasters. Perhaps the aspect of our Campaign that most dramatically underscores our society's revolutionary transformation is the brilliant success achieved under its literacy program.

The life of a revolution depends entirely on the leadership provided to it by a party that is closely linked to the masses. When we formed the COPPTE, we thereby took the first and most decisive step toward the creation of a Party of the Working People. The COPPTE, which has as its members all the Ethiopian communists who have distinguished themselves as genuine and unquestionable militants of the Revolution, has already held its historic first congress. Based on the resolutions passed by that congress, a massive campaign is now under way throughout the country to enlarge the COPPTE's social and ideological bases. We are confident the Ethiopian Working Peoples Party will emerge.

[Question] How do you view the role of Africa, especially that of Ethiopia, in Nonaligned Movement's struggle against imperialist penetration and for development and self-determination?

[Answer] All the members of the OAU are also members of the Nonaligned Movement, and the role they play against penetration by imperialism and for development and self-determination of peoples is clearly embodied, in spirit and in content, in the principles of the movement. The continent as a whole plays a significant role in the struggle against colonialism, neocolonialism and imperialism.

As a member of the family of nations of the OAU, by virtue of its geopolitical placement, and also because of its having opted for the road to socialistic growth, Ethiopia plays a particularly significant role in the struggle against imperialistic penetration. The Ethiopian people are resisting heroically the imperialistic penetration of the Horn of Africa.

The recent acquisition by the United States of military bases in Somalia and Revolutionary Ethiopia's diplomatic offensive to offset this provide precisely another example of Ethiopia's determination to strive agains imperialist penetration. Ethiopia's support of revolutionary movements is firmly based. As regards development, Ethiopia, in cooperation with the Nonaligned Movement and the Group of the 77, strives for the establishment of a new economic world order.

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CSO: 4410/23

GHANA

LIMANN INTERVIEWED ON ECONOMY, PARTY'S IDEOLOGY

LD131203 London FINANCIAL TIMES in English 13 May 81 p 16

[Mark Webster report of FINANCIAL TIMES interview with Ghana's President Hilla Limann, near Accra, Ghana; date not given: "The President's View: From Anarchy to a New Order"]

[Excerpt] The interview began with a general review of the government's first 18 months in power.

[Question] What hope is there of an economic recovery?

[Answer] "Recovery is very relative in economic matters. Given an economic situation of total destruction, it is very difficult to speak of recovery in facile terms. You cannot reconstruct roads very quickly even if you have the means and we don't have them. Our schools need equipment and some of them need reconstruction. Our hospitals and clinics lack drugs, everywhere you look you see evidence of neglect and in some cases total destruction. If all these have to be rehabilitated and we say we are going to rehabilitate them, it needs a lot of money and a lot of time."

[Question] How are negotiations progressing with IMF?

[Answer] "The IMF and the World Bank have come here a number of times and initially they could understand us and we could understand them. I don't think they still do fully understand us. They come with ideas and recipes which fit very industrialised countries and try to advise us to adopt them here. Personally, I have told them it is not possible."

[Question] Will you refuse to devalue?

[Answer] "Since 1968 there have been repeated attempts to tinker with the currency and every time things became worse. If only the IMF could just remember these things it would have given us less need to talk and explain these things. We cannot forget because we had to live them. We cannot forget in the way they forget.

"If they will only understand what we are saying we will make progress. But on the whole my attitude is to say that our salvation lies in our own hands. You don't need IMF's help to start a garden in your backyard. If you get outside help it should only supplement your own efforts.

"What will you achieve (if you devalue)? You will achieve nothing. The first time this was raised I told them that as an economist you devalue to promote exports, but at the moment we are not producing anything to export so what are we trying to achieve by devaluing? It would just be an empty gesture which would cause hardship for everybody with nothing tangible in return."

[Question] Is your party really the descendant of Nkrumah's CPP?

[Answer] "Our manifesto picked up quite a lot from the development plans of the first republic which were drawn up under the late President Nkrumah. But our problem right now is one of sheer survival, how to live, how to exist. That to me overrides any question of ideology.

"These people who talk about ideology don't know what they are talking about. Marx said man must eat, drink and clothe himself before he can think. Our problem is how to feed people and let them stay alive before they can think.

"Ghana is my ideology. Ghana and her economic salvation are my ideology. That is our main objective."

[Qestion] What about moves to remove you as head of the party?

[Answer] "I haven't heard about these moves yet. I think people will never understand our party. Even some people very close to it don't understand certain features of the party. Maybe it's like that with all mass parties. Those who intrigue most, those who lobby most get nowhere and those who don't come out on top. It was the case with my own nomination, I never lobbied anybody, I never asked anybody but I was asked to lead."

[Question] You have been accused of being a lacklustre president?

[Answer] "What creates lustre, money and publicity, unpopular decisions which capture headlines. We have taken unpopular decisions but they are not the sort which capture headlines. If the ship of state is sinking and everyone is running away from it, what you need at such a time is not declamations and attitudes which give you lustre. You need levelheadedness, calmness, open-mindedness, patience and an understanding of the problems."

[Question] Is it time to review the AFRC's constitutional amendments?

[Answer] "It is something for public debate. We must assess public opinion. These measures were hailed by the general public, even the executions were hailed by the general public. It is easy to be sentimental now but one had to be there at the time to know the public reaction."

[Question] How are relations with Britain?

[Answer] "Our relations with Britain are very good. I keep telling Britain that we expect a lot from her because historically she is the mother country and if a child is in need, it turns to the mother. But we recognise the mother is in difficulties."

CSO: 4420/1038

GUINEA

FIGURES SHOW COUNTRY AS LARGEST BENEFICIARY OF ARAB AID

Paris JEUNE AFRIQUE in French 13 May 81 pp 42-43

[Article by Samir Gharbi: "How To Seduce the Arabs"]

[Excerpts] Never has an African country profited in one single year from the Arab gold mine like Guinea: $371 million in 1980. This is more than Senegal (325 million) and more than Mali (260 million) or Cameroon (198 million) received in 8 years (1973 to 1980).

The record held by Zaire (217 million in 1975) has thus been exceeded. With a cumulative total of $605 million from 1973 to 1980, Guinea now heads the list of African countries receiving Arab aid, ahead of Senegal (599 million), Zaire (428 million), Kenya (322 million) and Uganda (307 million)....

Efficiency

But how is it that Sekou Toure's country has suddenly become the cherished child of the Gulf states which, thanks to the oil manna, can lend as much to everyone at the same time? No religious factor exists, because there are no more Moslems in Guinea than in Senegal. Economic potential is equally not the determining factor. To be sure, Guinea has unexploited riches. But Arab lenders would certainly not look for long-term profits in a far-away country where, in addition, the economic apparatus must be recreated.

To find a motive for Arab largesse, one must in reality acknowledge the Guinean leader's efficiency. Following 20 years of "voluntary seclusion," he decided, in March 1978, to rediscover the world. A pilgrim's stick in one hand, a beggar's bowl in the other, he visited the Gulf countries, knocking on the right doors and exhibiting simultaneously great sincerity and touching persuasion.

Ahmed Sekou Toure has gained the confidence of his correligionists in the political field, who appointed him chairman of the Islamic good-will committee in the Iran-Iraq issue. One can safely bet that he will, once again, benefit from this mission, even if it is doomed to failure. Financially, figures speak for themselves: a sum of $605 million between 1973 and 1978 represents exactly 10.6 percent of all Arab credits to non-Arab African countries during the same period ($5.7 billion).

Projects

Of course, the greatest part of these amounts is in the form of loans. However, conditions are more than advantageous: 86 percent in loans granted Guinea are reimbursable in 15 or 20 years, with often a grace period of 5 additional years. The interest rate is low (from 2 to 4 percent), and sometimes non-existent.

These funds are earmarked for the financing of development projects and the rescue of the balance of payments. Among these projects are the construction of a cement plant in Conakry ($12.7 million, or 85 percent of the total cost), the construction and maintenance of roads ($6 million, or 22.4 percent of the total cost) and especially the integrated Konkoure and Ayekoye projects viewed as "a first priority," involving the building of two hydroelectric dams in Souapiti and Amaria and of two plants; one for alumina (capacity: 1.2 million tons per year) and the other for aluminum (production: 150,000 tons per year).

According to certain estimates, the total cost of Guinean economic projects reportedly amounts to $1 to $1.2 billion. Arab participation (in the form of loans and investments) reportedly reaches already $400 million (Iraq: 63 percent, Saudi Arabia: 25 percent and Libya: 12 percent).

No Interest

Aid to the balance of payments is aimed at financing various imports: in 1979 and 1980, the Islamic Development Bank already granted $21 million for the purchase of cement, clinker and power generators; oil bills also figured prominently. In 1980, the IDB provided $20 million for the purchase of refined products in Libya. From 1976 to 1979, the OPEC Fund loan amounted to $9 million reimbursable in 15 years...without interest!

As usual, Arab aid is negotiated and granted from government to government. Countries that are the most generous vis-a-vis Guinea include Saudi Arabia, Iraq, Libya and Kuwait. As for multilateral aid, which represents approximately 20 percent of the total, it is notably transacted through the BADEA (Arab Bank for African Economic Development), the Islamic Bank and the OPEC Fund.

CSO: 4400/1194

NIGER

BRIEFS

WATER CONFERENCE--Organized by the WHO and the GTZ [German Office for Technical Cooperation], the 1981 Niger Water Conference took place in Niamey from 25 to 28 February. It was attended by the Nigerien ministers of Planning and Hydraulics, and by many backers such as organizations from the United Nations, regional organizations, and bilateral and multilateral assistance. Discussions were about present needs. In fact, while the country has little over 6,100 water supply sites and the per capita need is estimated at a minimum of 25 liters per day, 22,000 water supply sites would be needed by 1990. But funds for this sector would be difficult to get, and in any case the OFEDES [Office of Subsoil Water] can only dig 250 wells a year. Therefore, it will be necessary to resort to sinking wells by private companies, even if these cost more in investment and maintenance. Without committing themselves to future assistance, it was thus possible to inform the backers of the problems they will have to study and, as is hoped by Nigerien authorities, will help resolve. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 10 Apr 81 p 1006] [COPYRIGHT: Rene Moreux et Cie, Paris 1981] 9465

CSO: 4400/1083

SENEGAL

DATA ON ICS CONSTRUCTION, PRODUCTION, MARKETING, CAPITAL

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 10 Apr 81 p 999

[Article: "Laying the Cornerstone For the Senegalese Chemical Industries"]

[Excerpts] On 2 April, Senegalese president Abdou Diouf lay the first stone for the Senegalese Chemical Industries, and according to him this marks a policy for industrial revival in Senegal.

At a cabinet meeting on 31 March, the president of the republic pointed out that this was the most important industrial project of the Senegalese government since Senegal became a sovereign state, and that it had meant important financing of about 60 billion CFA francs.

ICS Plan

Preliminary studies were positive, and the ICS [Senegalese Chemical Industries] then commissioned the Nitrogen and Chemical Products Company to do a series of in-depth studies which confirmed the value of the project and led to the decision that it be carried out. Thus, in November 1980, the planning company was changed into a development company that has a capital of 21.3 billion CFA francs.

Production

The ICS will create 400 jobs and will have annual export sales of about 25 billion CFA francs. By 1984 the installations are expected to be in service. There will be three production units.

Two units will be established on the Taiba-Darou Khoudoss site, one will produce sulfuric acid (with a capacity for 560,000 tons per year), the other will produce phosphoric acid (with a capacity of 220,000 tons per year).

The third unit, set up in Mbao, next to SIES [expansion unknown] will manufacture fertilizers (45,000 tons a year of superphosphate tribasic TSP and 165,000 tons a year of ammonium phosphate DAP).

Finally, installations for storage and handling in the port of Dakar will insure delivery of raw materials (sulfur, ammonia), and the shipping of phosphoric acid (about 200,000 tons a year) and 212,000 tons a year of solid fertilizers.

The analyses of the "sludge," which were very satisfactory, will be continued during the building of the ICS. From the start, workshops will be devised to use these studies.

Marketing

The marketing of fertilizers (about 212,000 tons per year) can be done, to a great extent, through the network of the Potash and Nitrogen Sales Company (SCPA), which will have the preferential market for ICS products. Moreover, the Indian partners have signed a long-term contract to buy the equivalent of at least 66,000 tons of P205, in the form of phosphoric acid, per year.

Quantitatively, sales prospects are satisfactory, and for certain markets for which they are targeted the location of the ICS should assure them the advantage of stable prices. In addition, setting up the largest SCPA is a positive element.

Throughout Africa, the consumption of phosphate fertilizers has increased, on an average, by 8 percent a year between 1965 and 1966, 1977 and 1978. During the same period, consumption in western and central African countries targeted by the project increased more rapidly (on the average by +13.5 percent per year), reaching 46,000 tons of P205 in 1977-1978 (only 5 percent a year of the total amount in Africa).

Taking into account the agricultural production programs anticipated for these countries in future years, this market will then absorb most of the production expected by the ICS in these areas.

Capital and Financing

The ICS Development Company is a private limited company without rights in Senegal. Its ties with Senegal are through an agreement that guarantees the ICS a privileged fiscal status, stable prices for use of public goods and facilities (water, electricity, railroads), and a steady supply of phosphate.

The capital of the ICS Planning Company, first at 100 million CFA francs, reached 225 million by 18 November 1978. The general assembly of 18 November 1980 decided to change the Planning Company into the ICS Development Company and to increase its capital to 21.3 billion CFA.

The capital of the ICS Development Company is distributed as follows:

Capital Distribution of the ICS

Sector	Millions CFA	Percentages
Senegal	5,673.3	26.6
Ivory Coast	2,300.0	10.8
Nigeria	2,300.0	10.8
Islamic Development Bank	2,298.0	10.8
Indian Interests[1]	4,600.0	21.0

Potash and Nitrogen Trading Co., and Senegalese Fertilizer and Chemical Products Company[2]	2,300.0	10.8
Senegalese Taiba Phosphates Co.	1,600.0	7.5
Others[3]	228.7	1.1
Total	21,300.0	

1. Indian Farmers Fertilizers Corp., Madras Fertilizers, Southern Petrochemical Industries Corp., Zuari Agro-Industries, Minerals and Metals Trading Corp, and the Indian government.

2. Subsidiaries of Mineral and Chemical Enterprises (EMC).

3. Senegalese Thies Phosphate Company (27.38 million CFA francs), Industrial Fertilizers Co. of Senegal (82.75 million), BICIS [International Bank of Commerce and Industry of Senegal] (79.2 million), Water and Electricity of West Africa (16.87 million), CIECH [expansion unknown] (Poland) (22.5 million).

One can see that leading international financial organizations are participating in long-term financing. These include: the African Development Bank (ADB), the Arab Bank for African Economic Development (BADEA), the European Investment Bank (EIB), the European Development Fund (EDF), the Central Fund for Economic Cooperation (CCCE), the World Bank, the International Finance Corporation (SFI), the German Development Corporation (DEG), OPEC Funds, the Iraqi Development Funds.

Finally, we should note that Pierre Babacar Kama is president-general director of the Senegalese Chemical Industries, while Maurice Boo is its managing director.

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SENEGAL

BRIEFS

DIOUF ANNOUNCES POLITICAL REFORMS--At a cabinet meeting on 31 March, President Abdou Diouf announced a series of political and economic measures with a view towards increasing liberalization by the Senegalese regime and improving conditions for farmers. In his first message to the country since 1 January, at which time he succeeded Leopold Senghor, on 4 April, the 21st anniversary of independence day, Mr Diouf mentioned the cancellation of the farmers' debt for buying seed and fertilizers. This measure will cost the government 20 billion CFA francs, as well as raise the price of agricultural products. President Diouf, who had promised almost total amnesty, has confirmed that the parliament will convene in 10 days to approve all political parties, at present limited to four. Finally, the Senegalese head of state declared that after the states general of education, which met in January, he decided on educational reform that will include the progressive extension of education, literacy for the masses, the use of national languages, and matching education to jobs. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 10 Apr 81 p 998] [COPYRIGHT: Rene Moreux et Cie, Paris 1981] 9465

DRAFT BUDGET 1981-1982--An official communique from 2 April indicates that the budget planned for Senegal was set by the government at 212.17 billion CFA francs for revenues and at 211.2 billion francs for expenditures, or an increase over the previous budget of 18.75 billion and 19.5 billion CFA francs respectively. In general terms, the 1981-1982 budget has the following distribution: an operating budget (125.5 billion CFA francs as opposed to 115.6 billion last year), a budget for equipment (21.2 billion CFA francs as opposed to 22 billion last year), and special treasury accounts (65.5 billion CFA francs). According to the communique, the operating budget takes into account policies for a reduction in the state's standard of living, now done according to the Senegalese Recovery Plan (1980-1985), and the need to account for inflation so that the state may preserve its buying power. The details of the budgetary plans will be published when it is next examined by the national assembly. [Text] [COPYRIGHT: Rene Moreux et Cie, Paris 1981] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 10 Apr 81 p 998] 9465

ADB ANTI-DESERTIFICATION FINANCING--It was learned in Dakar that the African Development Bank (ADB) will finance the projects for anti-desertification in Senegal, where Willy Mung'Omba, president of the ADB, was on an official visit. The ADB will contribute about 8 million account units (or about 2.4 billion CFA francs) in projects for fighting brush fires, reforestation, and hydraulics in eastern Senegal. The total cost of these projects amounts to about 9 million account units. Moreover, the ADB will finance a part of the Senegalese special hydraulics program, contributing an as yet undetermined amount. Since their inception, the ADB and its branch, the African Development Fund, have given Senegal a total of 14 billion CFA francs in aid. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 10 Apr 81 p 1000] [COPYRIGHT: Rene Moreux et Cie, Paris 1981] 9465

FUEL PRICE INCREASES--On 3 April the price of fuel was raised again in Senegal by a little over 7 percent, less than 3 months after the previous increase on 12 January. According to this new increase, the price of high-octane and regular gasoline will go to 210 and 199 CFA francs respectively, as opposed to the previous price of 195 and 185 francs each. Other petroleum products, outside of fuel-oil, gasoline for pirogues, and gas-oil for fishing to be subsidized by the government, will also be increased by 7 percent. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 10 Apr 81 p 1000] [COPYRIGHT: Rene Moreux et Cie, Paris 1981] 9465

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