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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

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EXTERNAL INDEBTEDNESS:
ANOTHER DIMENSION OF THE AFRICAN DEBT*

prepared by

Global and Conceptual Studies Branch,
Division of Industrial Studies

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I. Introduction

In recent years extraordinary concern has focused on the external indebtedness of African developing countries as a concomitant phenomenon of other well-known woes such as drought, famine and poverty which has plagued the African continent in the post-colonial era. On the face of it, the continent's relatively low aggregate debt of about US$85 billion (disbursed public and publicly guaranteed debt only, see table 1) appears to be manageable as compared with the vast amount of debt owed by Mexico, Brazil and some other big debtor countries. Total African debt accounts for about one-tenth of total Third World external indebtedness. But the figure disguises the severity of the debt burden carried by African developing countries.

It is only recently that debt has come to be recognized, mainly by African developing countries themselves, as an important aspect of the African plight, since the mega-debt of Latin America (and to some extent Asia) preempted the concern of the international financial and banking communities. Responding to the extreme urgency of the debt situation in Africa, a quick succession of international meetings were held, beginning with the ECA Conference of Ministers at its Eighth Meeting in Tripoli in April 1982 and culminating in "The Addis Ababa Declaration on Africa's External Indebtedness" adopted at a Regional Ministerial Meeting on Africa's External Indebtedness held in Addis Ababa, Ethiopia, from 8 - 20 June 1984. The gravity of debt problems was further underscored at the 21st Assembly of Heads of State and Government held in Addis Ababa, Ethiopia, from 11-14 February 1985.[1/]

1/ Organization of African Unity, External Indebtedness of African Countries, STEERING/CTTEE/DOC.4b, 11-14 February 1985, Addis Ababa, Ethiopia.

A combination of both external and internal factors contributed to the debt crisis in Africa. Prominant among these factors are global economic recession accompanied by a wave of protectionism, chronic balance-of-payments disequilibrium, mounting government budget deficits, accelerating inflation, violent fluctuations in commodity prices and high interest rates and debt servicing costs. The African debt crisis, in this respect, is not unlike that of other developing regions. What is not typical of other Third World borrowers, particularly those in Latin America and East Asia, however, is the virtual non-existence of an effective adjustment mechanism to respond to the debt crisis. This is mainly because in Africa the structure of production and trade with a preponderant concentration on primary commodities along with other social and economic institutions inherited from the colonial era have changed very little in the last two decades. Such structural imbalances and institutional rigidities set the African dilemma clearly apart from that of heavily indebted industrializing developing countries such as Brazil, Mexico, Argentina and the Republic of Korea. As a result most African developing countries were rendered impotent to cope with the mounting debt burden. This was exacerbated by diminishing inflows of official development assistance (ODA) and other capital transfers on concessionary terms.

The purpose of this paper is to articulate the structural cause of the African debt crisis and underscore the critical importance of treating the African external indebtedness as a special case requiring special consideration.

II. The Magnitude of Debt Problems in Africa

According to the OAU report on African external indebtedness, Africa's total public and publicly guaranteed disbursed debt had increased from US$57.5 billion in 1978 to US$ 87.8 billion in 1982 with average annual disbursements of US$15.7 billion during the period, and total debt service had increased by about 140 per cent from US$5.5 billion in 1978 to US$13.3 billion in 1982.2/

2/ Ibid.

Apart from an alarming rate of increase in Africa's aggregate debt and debt service, what is most disturbing is that the structure of Africa's debt changed considerably over the 1970s, with the share of "soft" loans (credit offered in concessionary terms in the form of a very long payment period, a generous grace period and very low interest rates), declining from over half the continent's total debt in 1971 to 38 per cent in 1980.[3/]

In the face of diminished flows of soft loans, a handful of African countries - particularly oil-exporting and mineral rich countries - resorted to borrowing from private banks. Thus, these countries increased their borrowing from the European Money Market from US$3.3 billion in 1980 to US$8.2 billion in 1981. In 1981, oil exporting Nigeria, Angola, Gabon and the Congo accounted for 58 per cent of the Euromarket borrowings, while the new oil producers of Cameroon and the Ivory Coast claimed 18 per cent, and Kenya and Zimbabwe shared another 8 per cent.[4/]

Meanwhile, most other African countries were left in the lurch and many of them turned to IMF stand-by agreements and extended fund facilities, despite difficult conditions attached to the IMF loans. Worse yet, in 1985, African countries are likely to repay more than they will receive from the IMF. Repayments to the fund under the so-called "repurchase obligations" are estimated at a total of US$ 700 million.[5/]

Another indicator of the debt crisis in Africa is the frequency of debt rescheduling. During the past five years, external debts have been rescheduled over 40 times in Africa[6/] and of 37 official debts rescheduled by the Paris Club between 1975 and October 1983, 26 involved African countries.[7/]

3/ "Debt: The Bane of Africa". African Business, May 1983. p.25.

4/ African Business, June 1982, p.71.

5/ African Economic Digest, 4 January 1985, p.2.

6/ OAU, op.cit., p.3

7/ African Research Bulletin, June [illegible] - July 14, 1984, p.7333.

Table 1.: Basic debt indicators for African developing countries and selected non-African developing countries.

LOW-INCOME AFRICA

	Population (millions) mid-1982	GNP per capita US$ 1982	GNP per capita average annual growth % 1960-82	Debt outstanding disbursed (DOD) US m$ 1981	Debt outstanding disbursed (DOD) US m$ 1982	Debt service ratio % 1981	Debt service ratio % 1982	Per capita debt (DOD/population) US$ 1981	Per capita debt (DOD/population) US$ 1982	Debt GNP ratio (DOD/GNP)% 1981	Debt GNP ratio (DOD/GNP)% 1982
Benin	3.7	310	.6	550	556	-	-	149	150	55.7	57.7
Burundi	4.3	280	2.5	160	201	-	-	37	47	16.8	20.4
Cape Verde	.3	350	-	39	61	-	-	130	203	39.8	59.5
Central African Republic	2.4	310	.6	219	222	-	-	91	93	32.3	34.4
Chad	4.6	80	-2.8	226	189	-	-	49	41	57.0	59.0
Comoros	.4	340	.9	53	67	-	-	133	168	47.4	62.2
Ethiopia	32.9	140	1.4	801	875	8.1	-	24	27	18.9	19.6
Gambia	.7	360	2.5	112	134	6.5	-	160	191	55.2	65.1
Ghana	12.2	360	-1.3	1105	1116	6.4	-	91	91	4.0	3.6
Guinea	5.7	310	1.5	1245	1230	-	-	218	216	81.1	77.4
Guinea-Bissau	.8	170	-1.7	108	126	-	-	135	158	82.6	96.3
Madagascar	9.2	320	-.5	1372	1565	-	-	149	170	48.7	55.7
Malawi	6.5	210	2.6	683	692	26.9	22.8	105	106	54.8	48.8
Mali	7.1	180	1.6	734	822	3.8	-	103	116	65.6	79.4
Niger	5.9	310	-1.5	605	603	15.8	11.8	103	102	36.7	40.2
Rwanda	5.5	260	1.7	171	189	1.5	-	31	34	13.5	13.0
Sierra Leone	3.2	390	.9	345	303	24.4	-	108	95	30.9	24.8
Somalia	4.5	290	-.1	867	944	6.1	-	193	210	46.7	78.4
Sudan[1/]	20.2	440	-.4	4806	5094	5.0	-	238	252	47.9	71.2
Tanzania	19.8	280	1.9	1497	1632	-	-	76	82	28.7	30.4
Togo	2.8	340	2.3	850	819	-	-	304	293	98.1	104.5
Uganda	13.5	230	-1.1	540	594	-	-	40	44	5.2	6.8
Upper Volta	6.5	210	1.1	284	335	-	-	44	52	22.6	29.3
Zaire	30.7	190	-.3	4118	4040	-	-	134	132	80.1	78.3
TOTAL	203.4			21490	22409			106	110		

(Table 1. Continued)

MIDDLE-INCOME OIL-IMPORTING AFRICA	Population (millions) mid-1982	GNP per capita US$ 1982	average annual growth % 1960-82	Debt outstand-ing disbursed (DOD) US m$ 1981	1982	Debt service ratio % 1981	1982	Per capita debt (DOD/popu-lation) US$ 1981	1982	Debt GNP ratio (DOD/GNP)% 1981	1982
Botswana	.9	900	6.8	164	209	-	-	182	232	16.9	24.6
Djibouti	.4	-	-	20	40	-	-	50	100	11.1	-
Ivory Coast	8.9	950	2.1	4390	4537	22.7	-	493	510	53.1	63.4
Kenya 1/	18.1	390	2.8	2252	2402	16.0	-	124	133	34.8	38.4
Lesotho	1.4	510	6.5	99	139	-	-	71	99	13.8	21.6
Liberia	2.0	490	.9	636	641	5.1	-	318	321	68.3	65.7
Mauritania	1.6	470	1.4	826	1001	15.8	11.8	516	626	121.8	146.5
Mauritius	.9	1240	2.1	333	367	9.9	12.4	370	408	30.2	35.0
Morocco	20.3	870	2.6	7969	9030	31.3	-	393	445	52.8	60.4
Senegal	6.0	490	-	945	1329	-	-	158	222	38.8	55.0
Seychelles	-	-	-	34	37	.4	-	340	370	-	-
Swaziland	.7	940	4.2	161	178	3.6	-	230	254	34.0	39.3
Zambia	6.0	640	-.1	2274	2381	23.2	-	379	397	72.0	82.7
Zimbabwe	7.5	850	1.5	880	1221	4.4	-	117	163	13.8	17.6
TOTAL	74.8		-	20983	23512			281	314		
MIDDLE-INCOME OIL-EXPORTING AFRICA 2/											
Algeria	19.9	2350	3.2	14309	13567	24.8	-	719	682	35.0	32.5
Cameroon	9.3	890	2.6	2021	1912	10.8	-	217	206	28.9	28.8
Congo	1.7	1180	2.7	1133	1370	9.5	-	666	806	68.4	78.3
Egypt	44.3	690	3.6	14250	14935	20.9	-	322	337	56.2	52.4
Gabon	.7	4000	4.4	1044	871	12.6	-	1491	1244	34.2	30.6
Nigeria	90.6	860	3.3	4946	6085	4.7	-	55	67	6.4	8.5
Tunisia	6.7	1390	4.7	3159	3177	13.9	15.4	471	474	37.8	40.0
TOTAL	173.2		-	40862	41917			236	242		

(Table 1. Continued)

MAJOR NON-AFRICAN DEBTOR DEVELOPING COUNTRIES

	Population (millions) mid-1982	GNP per capita US$ 1982	average annual growth % 1960-82	Debt outstanding disbursed (DOD) US m$ 1981	Debt outstanding disbursed (DOD) US m$ 1982	Debt service ratio % 1981	Debt service ratio % 1982	Per capita debt (DOD/population) US$ 1981	Per capita debt (DOD/population) US$ 1982	Debt GNP ratio (DOD/GNP)% 1981	Debt GNP ratio (DOD/GNP)% 1982
Argentina	28.4	2520	1.6	10562	15780	18.2	24.5	372	556	8.8	25.9
Brazil	126.8	2240	4.8	44513	47589	33.4	-	351	375	16.2	16.9
Chile	11.5	2210	.6	4495	5239	27.2	18.7	391	456	14.2	23.7
India	717.0	260	1.3	18000	19621	-	-	25	27	10.9	12.1
Indonesia	152.6	580	4.2	15737	18421	8.3	-	103	121	19.1	21.1
Republic of Korea	39.3	1910	6.6	18279	20061	12.4	13.1	465	510	29.4	30.4
Mexico	73.1	2270	3.7	42736	50412	28.2	-	585	690	18.4	32.7
Venezuela	16.7	4140	1.9	11352	12122	12.6	-	680	726	16.7	17.8
TOTAL	1165.4		-	165674	189236			142	162		

Sources: World Bank, <u>World Development Report 1984</u> and <u>World Debt Tables, 1983-84 Edition.</u>

Notes: 1/ Sudan's per capita income in 1982 rose to $440 from $380 in 1981 and, on the contrary, Kenya's per capita income declined to $390 in 1982 from $420 in 1981 so that Sudan is classified as a middle-income and Kenya as a low-income country in the World Bank Report 1984. However, the groupings of African countries in the three different categories are followed by those in World Debt Tables, 1983-84 Edition.

2/ Libya is not included, because it is classified as a high-income oil exporter (per capita income $8,510 in 1982).

For even those fortunate African countries with access to loans from private banks, the debt problem, as elsewhere, has been aggravated by the high interest rates of the 1980s and by increasing service costs, as average interest rates escalated from 4.2 per cent in 1971 to 10.1 per cent in 1981. This means that with the current high proportion of commercial loans in the total debt outstanding, a 1.5 per cent increase in interest rates would result in additional Africa's interest payments of about US$ 1 billion.[8/]

Aggregate African debt belies, however, considerable variations in the severity of the debt burden carried by individual African developing countries. Table 1 reveals some measure of the debt burden carried by different countries in Africa.[9/]

First, a great number of small countries in the low-income group are facing the most critical debt problem. Their per capita GNPs are not only already very low and, worse yet, are declining or remaining virtually a stand-still, but also the debt/GNP ratio for some of these countries reached alarming proportions: Togo (104.5%), Guinea-Bissau (96.3%), Mali (79.4%), Zaire (78.3%), Somalia (78.4%), Sudan (71.4%). In fact, more than half of the countries in the group exceeded a ratio of 50 per cent. Among Middle-income African countries, Mauritania has an exceptionally high debt/GNP ratio of 147 per cent, and not far behind are Zambia (83%), Liberia (68%), Ivory Coast (63%)

8/ Ibid.

9/ The following country grouping was made according to World Debt Tables, 1983-1984 edition: low income Africa includes countries with per capita GNP of less than US$410 in 1981; middle-income countries with per capita GNP of more than $410 in 1981.

Low-income Africa: Benin, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Madagascar, Malawi, Mali, Niger, Rwanda, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda, Burkina Faso, Zaire.

Middle-income oil-importing Africa: Botswana, Djibouti, Ivory Coast, Kenya, Lesotho, Liberia, Mauritania, Mauritius, Morocco, Senegal, Seychelles, Swaziland, Zambia, Zimbabwe.

Middle-income oil-exporting Africa: Algeria, Cameroon, Congo, Egypt, Gabon, Nigeria, Tunisia.

and Morocco (55%). Meanwhile, most oil exporting African countries registered a healthy annual growth rate of per capita GNP ranging from 2.6 per cent for Cameroon to 4.7 per cent for Tunisia in the 1960-1982 period and their debt-GNP ratio in 1982 remained relatively low except for Congo (78%) and Egypt (52%). In sharp contrast, total debt accumulated by nine major debtor countries in Latin America and East Asia combined (US$ 190 billion) in 1982 was more than two-fold larger than the total debt of African developing countries in the same year, but the debt/GNP ratios for all nine countries remained considerably lower than most African countries, ranging from 33 per cent for Mexico to 12 per cent for India (Table 1).

The debt service ratio (interest payments and principal repayments as per cent of export earnings) is the most commonly-used barometer for measuring debt difficulties. On the surface, debt service ratios for most African countries in 1981 appear low except for several countries such as Morocco (31%), Malawi (27%), Algeria (24%), and Zambia (23%), and generally fared no worse than major borrowers in Latin America and East Asia. One of the reasons for relatively low debt service ratios is that a high proportion of Africa's debts (about 49%) are long-term, official loans carrying concessionary interest rates as compared with the corresponding figure of 18 per cent for Latin America. This does not imply, of course, that Africa will have less painful adjustment problems required by debt-servicing than Latin America. On the contrary, it will likely to be greater, since primary commodities account for more than 80 per cent of African countries' total exports (this point will be treated in greater detail later); this makes it extremely difficult to boost exports to generate extra foreign exchange earnings for debt-servicing. It seems plausible, therefore, that the doubling of Africa's interest payments to export ratios may be equivalent of trebbling or even quadrupling of the corresponding service ratio of some of the NICs in terms of the real adjustment difficulties.

III. Capital Inflows and Current Account Balances

The African debt problem is, of course, a mirror image of the chronic and persistent external balance disequilibrium, since capital inflows are mainly required to bridge the payments gap. On the surface, gross capital inflows to Africa have increased in step with the ever-increasing current account deficits in the 1970s. But what has been most disquieting is that net capital inflows after deducting interest and principal payments has precipitously dropped, in some cases resulting in a net capital outflow, primarily because of hardening terms and conditions of aid and a rapidly declining proportion of soft loans. (See Figures 1-3). However, there is considerable variation among different groups of African developing countries in this regard. We shall highlight recent development separately for each group.

Low-income African developing countries:

The combined current account deficits for 16 low-income countries increased more than three-fold from US$606 million in 1971 to US$1966 million in 1981 while gross borrowing expanded more than five-fold from US$493 million to US$2680 million in 1981. (See Table 2) Because of a relatively larger proportion of soft loans in total borrowings, net borrowing after deducting amortization payments was largely sufficient to cover current account deficits during the period except for a few years - 1971, 1975 and 1977. Net transfer (gross borrowing minus interest and principal payments) as per cent of gross borrowing remained fairly stable between 60 per cent and 80 per cent. This is mainly because of relatively low interest payments associated with loans offered at concessionary terms.

Middle-income oil-importing developing countries

The picture looks more discouraging for this group. The current account deficits increased from $2046 million to US$5277 million and gross borrowing from US$1738 million to US$4554 million in the period 1975-1982. What makes a drastic difference in this case is a rapid increase in the debt service cost: interest payments jumped over ten-fold from US$144 million in 1975 to US$1466 million in 1982 and amortization from US$329 million to US$1763 million in the same period. As a result, interest payments as per cent of net borrowing climbed steeply from 10 per cent in 1975 to about 50 per cent in 1982. Of course, there has been a chronic borrowing gap with current account deficits exceeding net borrowing by a factor of 1.5 to 2. The ratio of net transfer to gross borrowing dipped from 73 per cent in 1975 to below 30 per cent in 1982.

TABLE 2: Trade gap, current account balances and external borrowing in Africa

Low-income Africa

	X	M	TG	CA	GB	NB	NT	INT	A	CA/NB	INT/NB	NT/GB
1971	2,580	2,786	-206	-606	493	367	303	63	126	-1.65	0.17	0.61
1972	2,827	2,737	90	-357	672	496	428	69	176	-0.72	0.14	0.64
1973	3,782	3,427	355	-185	857	641	541	100	216	-0.29	0.16	0.63
1974	4,536	5,107	-571	-1,134	1,514	1,255	1,120	135	258	-0.90	0.11	0.74
1975	4,120	5,139	-1,019	-1,714	1,652	1,359	1,196	163	293	-1.26	0.12	0.72
1976	4,786	5,188	-401	-1,201	1,756	1,516	1,364	152	240	-0.79	0.10	0.78
1977	5,557	6,205	-648	-1,965	1,860	1,602	1,405	197	258	-1,23	0.12	0.76
1978	6,191	6,584	-393	-1,273	2,127	1,828	1,574	254	299	-0.70	0.14	0.74
1979	6,99[illegible]	7,638	-645	-1,531	2,564	2,265	1,982	283	300	-0.68	0.13	0.88
1980	7,266	8,524	-1,258	-1,739	3,172	2,688	2,249	439	484	-0.65	0.16	0.71
1981	4,727	6,844	-2,117	-1,966	2,680	2,229	1,864	365	451	-0.88	0.16	0.83
1982					2,122	1,514	1,191	323	608		0.21	0.71

Middle-income oil-importing Africa

	X	M	TG	CA	GB	NB	NT	INT	A	CA/NB	INT/NB	NT/GB
1971	2,598	2,738	-140	-	443	268	165	103	175	-	0.38	0.37
1972	3,152	2,999	153	-	498	266	177	89	232	-	0.33	0.36
1973	4,375	3,915	460	-	929	452	255	197	477	-	0.44	0.27
1974	5,126	5,848	-722	-	870	567	390	177	303	-	0.31	0.45
1975	5,924	6,970	-1,046	-2,046	1,738	1,409	1,265	144	329	-1.45	0.10	0.73
1976	6,553	7,092	-539	-2,183	1,883	1,478	1,223	255	405	-1.48	0.17	0.65
1977	7,695	8,677	-982	-2,606	3,526	3,077	2,686	391	449	-0.85	0.13	0.76
1978	7,679	9,571	-1,892	-3,790	3,298	2,432	1,809	623	866	-1.56	0.26	0.55
1979	9,515	11,325	-1,810	-4,368	4,140	2,926	2,022	904	1,214	-1.49	0.31	0.49
1980	10,821	13,856	-3,035	-6,037	4,782	3,213	1,948	1,265	1,569	-1.88	0.49	0.41
1981	9,479	12,828	-3,349	-5,974	4,296	2,644	1,423	1,221	1,652	-2.26	0.46	0.34
1982	8,749	11,897	-3,148	-5,277	4,554	2,791	1,325	1,466	1,763	-1.89	0.47	0.29

(Table 2. Continued)

Middle-income oil-exporting Africa

	X	M	TG	CA	GB	NB	NT	INT	A	CA/NB	INT/NB	NT/GB
1971	4,306	4,283	-23	-658	913	475	377	97	438	-1.38	0.20	0.41
1972	5,119	4,824	295	-799	1,280	692	535	157	569	-1.15	0.23	0.42
1973	7,901	6,574	1,327	-581	2,732	1,730	1,519	211	1,002	-0.34	0.12	0.56
1974	18,897	11,019	7,878	4,850	2,250	1,058	675	383	1,192	4,58	0.36	0.30
1975	17,088	17,527	439	3,597	4,928	3,834	3,392	442	1,095	0.94	0.12	0.69
1976	19,756	18,857	899	-2,826	4,451	2,975	2,400	584	1,476	-0.95	0.20	0.54
1977	23,567	23,211	356	-5,012	7,267	5,559	4,659	900	1,708	-0.90	0.16	0.64
1978	22,427	27,296	-4,870	9,015	9,755	7,587	6,364	1,223	2,168	1.19	0.16	0.65
1979	33,883	30,322	3,561	-1,759	8,548	5,616	3,678	1,938	2,932	-0.31	0.35	0.43
1980	49,692	36,762	12,930	3,421	7,935	3,681	1,148	2,533	4,254	0.93	0.69	0.14
1981	42,600	42,294	306	-8,815	7,976	3,187	230	2,956	4,810	-2.77	0.93	0.03
1982	36,525	39,884	-3,359	-10,858	8,283	2,631	-508	3,139	5,652	-4.13	1.19	-

Note: X = merchandise exports fob; M = merchandise imports fob; TG = trade gap, i.e. (X-M); CA = current account balance; GB = gross borrowing; NB = net borrowing, i.e. (GB-A); NT = net transfer, i.e. (NB-INT); INT = interest payments; A = amortization. Due to incomplete data, the following countries are excluded: Low-income Africa - Benin, Burundi, Cape Verde, Chad, Comoro, Guinea-Bissau, and Burkina Faso; middle-income oil-importing Africa - Djibouti, Seychelles, and Zimbabwe.

Source: IMF, International Financial Statistics, Yearbook 1984 and January 1985, and World Bank, World Debt Tables, 1983-84 Edition.

(Table 2. Continued)

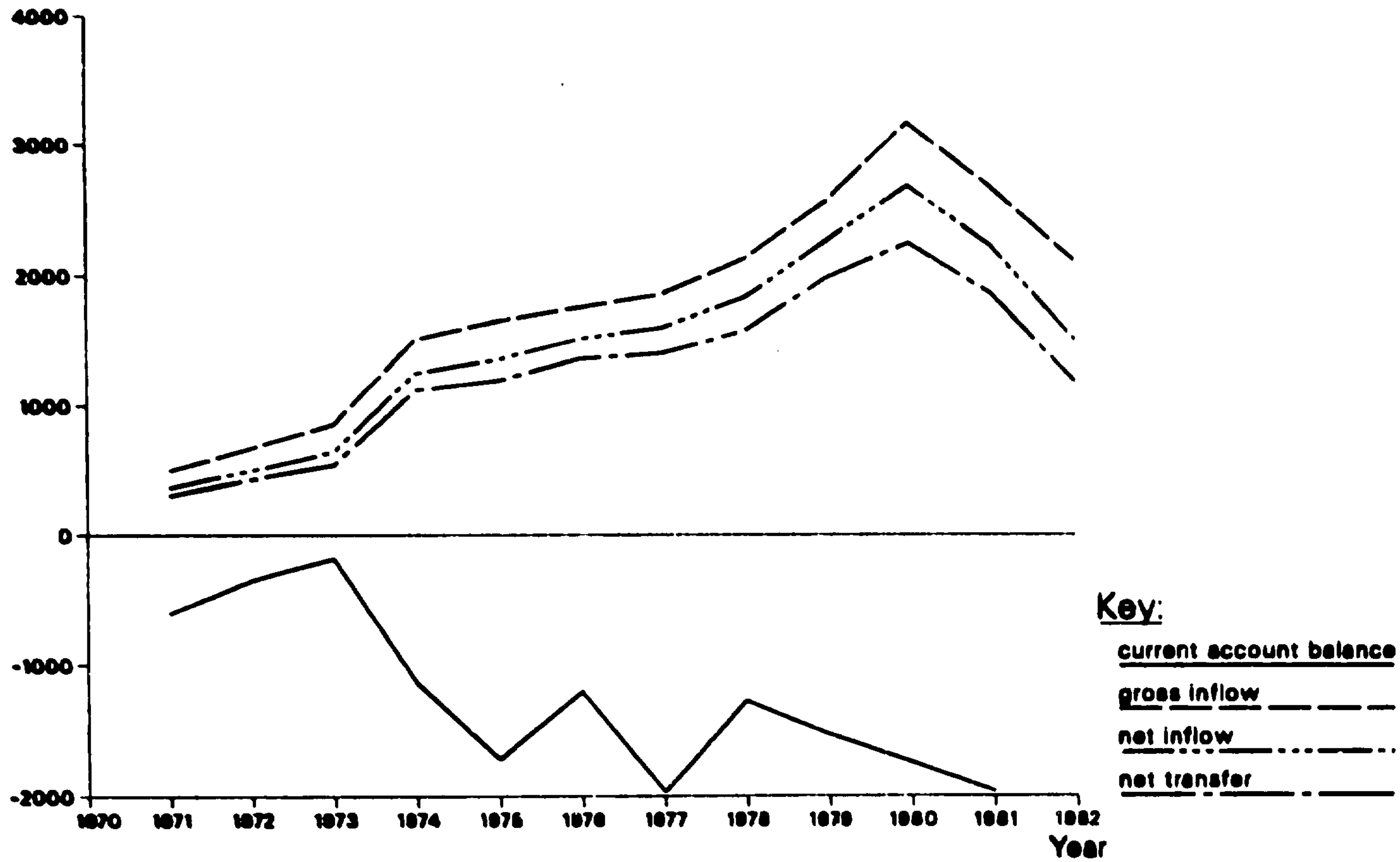
Major Non-African Debtor Developing Countries*

	X	M	TG	CA	GB	NB	NT	INT	A**	CA/NB	INT/NB	NT/GB
1971	14,556	15,637	-1,081	-1,363	4,874	2,883	1,897	986	1,991	-0.47	0.34	0.39
1972	17,431	17,710	-279	-4,268	6,957	4,674	3,520	1,154	2,283	-0.91	0.25	0.51
1973	26,922	25,332	1,590	-3,585	8,913	5,884	4,282	1,602	3,030	-0.61	0.27	0.48
1974	43,397	42,695	702	-5,066	12,277	8,837	6,700	2,137	3,440	-0.57	0.24	0.55
1975	41,460	45,907	-4,447	-13,802	14,452	10,314	7,394	2,919	4,139	-1.34	0.28	0.51
1976	50,560	49,535	1,025	-8,548	19,457	14,347	10,727	3,620	5,110	-0.60	0.25	0.55
1977	60,978	57,110	3,868	-7,490	21,631	13,615	9,180	4,435	8,016	-0.55	0.33	0.42
1978	66,928	69,510	-2,582	-17,004	32,025	18,776	12,409	6,367	13,248	-0.91	0.34	0.39
1979	87,805	88,478	-673	-20,410	36,395	19,348	9,951	9,397	17,047	-1.06	0.49	0.27
1980	115,287	115,760	-473	-27,227	31,434	16,719	3,768	12,951	14,715	-1.63	0.77	0.12
1981	128,612	128,185	427	-42,605	37,756	23,081	6,937	16,144	14,675	-1.85	0.70	0.18
1982	119,016	111,331	7,685	-38,882	25,467	11,583	-7,107	18,690	13,884	-3.36	1.61	-

* Argentina, Brazil, Chile, India, Indonesia, Rep. of Korea, Mexico and Venezuela.
** X = merchandise exports fob; M = merchandise imports fob; TG = trade gap, i.e. (X-M); CA = current account balance; GB = gross borrowing; NB = net borrowing, i.e. (GB-A); NT = net transfer, i.e. (NB-INT); INT = interst payments; A = amortization.

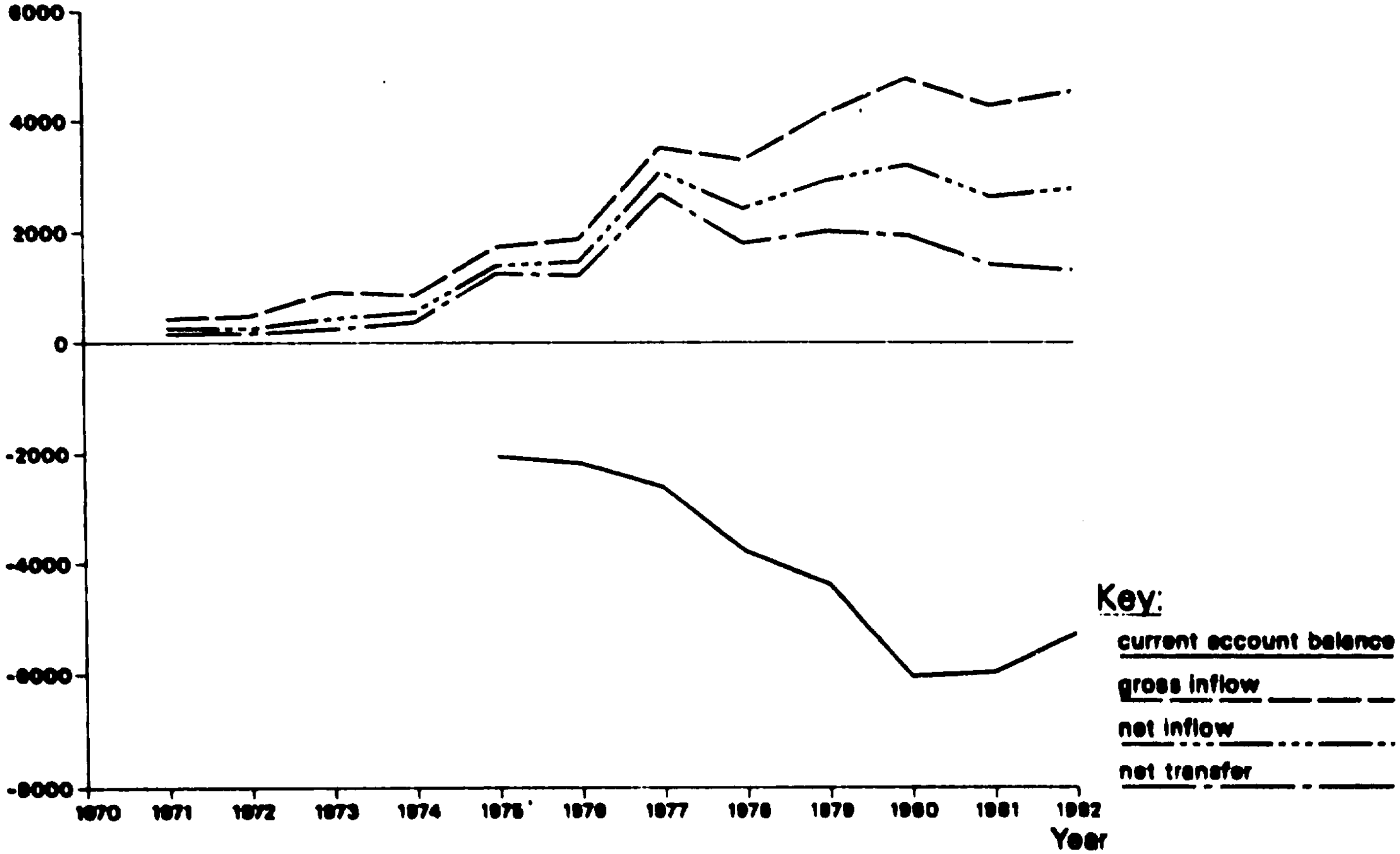
Source: IMF, International Financial Statistics, Yearbook 1984 and January 1985, and World Bank, World Debt Tables, 1983-84 Edition.

Figure 1 . Capital inflow and current account balances:
Low income Africa.
(in millions of US dollars)



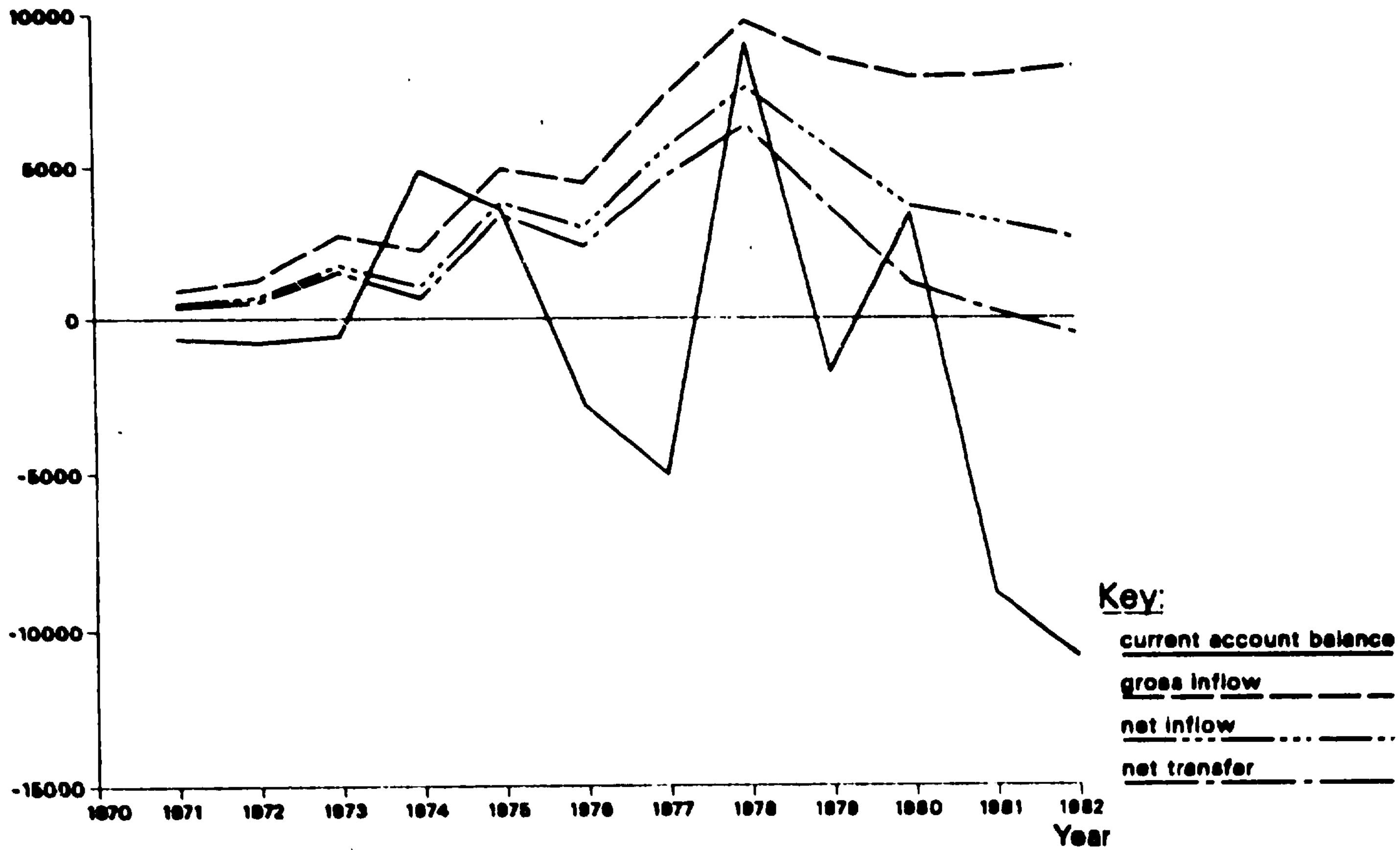
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure 2 . Capital inflow and current account balances:
Middle income oil importing Africa.
(in millions of US dollars)



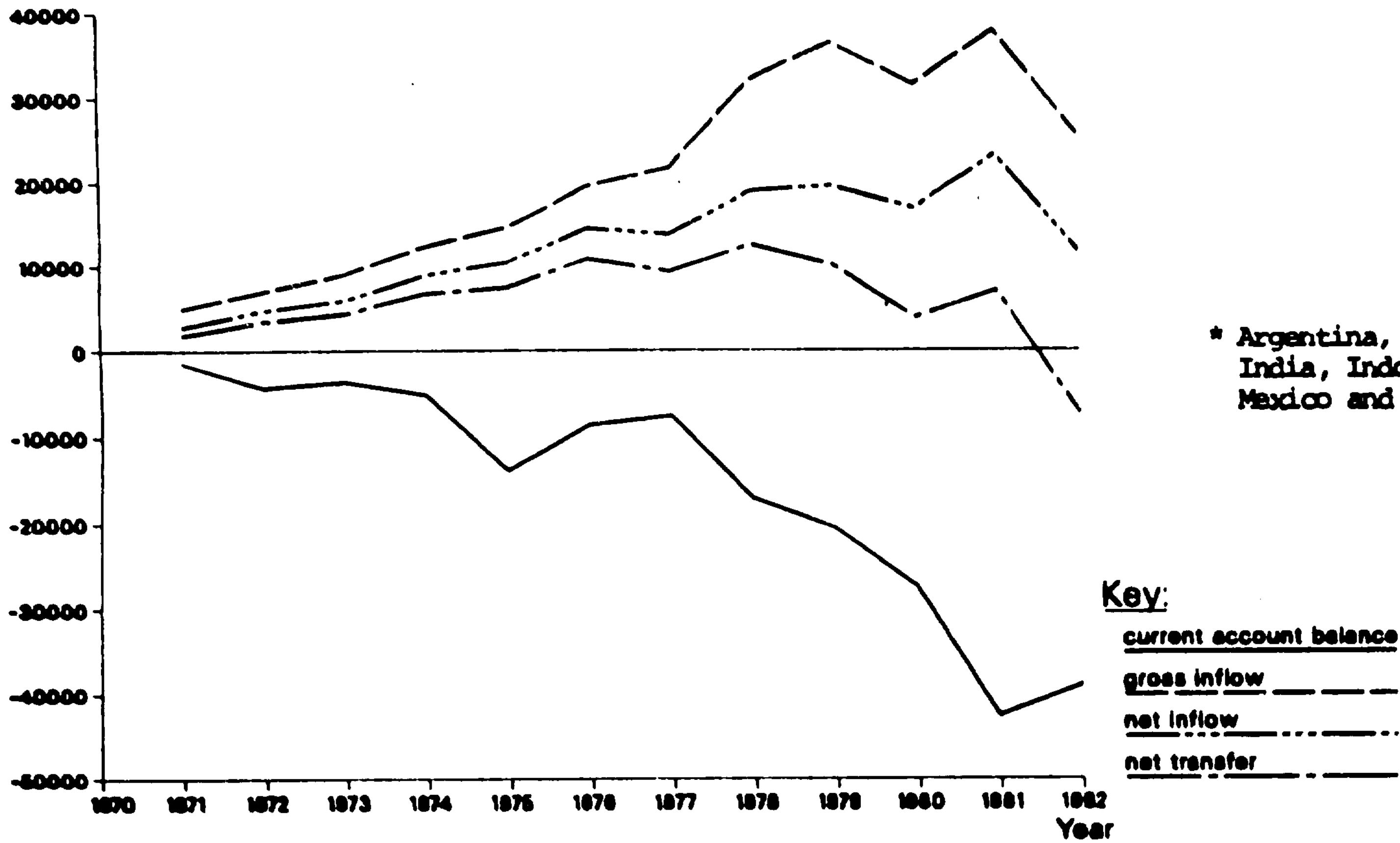
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure 3. Capital inflow and current account balances:
Middle income oil exporting Africa.
(in millions of US dollars)



Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure 4. Capital inflow and current account balances: Major Non-African debtor developing countries.*
(in millions of US dollars)



* Argentina, Brazil, Chile, India, Indonesia, Rep. of Korea, Mexico and Venezuela.

Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Oil-exporting developing countries

As compared with the previous two groups, the situation looks grimmer for the oil exporters. In particular, the condition deteriorated rapidly since 1980. This coincided with the onset of the global oil glut and consequent softening of oil prices, which led to a net resource outflow of US$508 million in 1982. Net borrowing (gross borrowing minus amortization) was not even sufficient to meet interest payments alone. The share of net transfer in total borrowing declined drastically from 70 per cent in 1975 to zero in 1981. In recent years, nothing was left for financing current account deficits after interest and amortization were deducted from gross borrowing and worse yet, more was needed to service debt. Obviously, this debt-service difficulty stems largely from their active commercial borrowing in private capital markets in hard terms and conditions.

Official Development Assistance (ODA) Flows

Most African developing countries except for a handful of oil-exporters are doubly squeezed by two negative factors - the lack of access to private bank loans and the collapse in commodity prices. Bankers polled by Euromoney indicated that only six African countries are credit-worthy enough to borrow by a traditional syndicated balance-of-payments loan - Algeria, Cameroon, Tunisia, Botswana, Gabon, Libya, and several others can turn to the Euromarket for project finance on a club basis. The remaining four-fifths of the African countries have little access to the private capital markets.[10/]

In the meantime, the collapse in the commodity prices at the beginning of the 1980s, to below the level of the 1970s, exacerbated the foreign exchange problems of nearly all African developing countries who depend on agricultural primary commodities, mineral and oil for a major portion of their export earnings.

Given lack of access to private capital markets coupled with the plummeting of commodity prices and a consequent drop in export earnings, ODA may be the only life-line to keep most African countries afloat. But there seems to be little cause for cheers in this regard as well. Table 3 shows that total net ODA to Africa increased steadily in current dollars in the 1970s but

10/ Euromoney, June 1983, p.62.

Table 3. Total net ODA from DAC countries, multilateral organization and OPEC to Africa, 1973-1983
US$ million

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
	CURRENT DOLLAR										
North of Sahara	1,087	1,456	3,103	2,402	3,016	3,093	2,415	2,519	2,309	2,333	2,164
South Sahara	1,955	2,736	3,699	3,710	4,162	5,486	6,734	8,078	8,055	8,046	7,917
AFRICA TOTAL	3,092	4,246	6,850	6,157	7,268	8,716	9,340	10,768	10,572	10,597	10,313
	CONSTANT DOLLAR* (1980=100)										
North of Sahara	3,160	3,193	5,866	4,515	5,129	4,596	2,978	2,519	2,321	2,445	2,309
South of Sahara	5,683	6,000	6,992	6,974	7,078	8,152	8,303	8,078	8,095	8,434	8,449
AFRICA TOTAL	8,988	9,311	12,949	11,573	12,361	12,951	11,517	10,768	10,625	11,108	11,006
Import Unit Value Indices	(34.4)	(45.6)	(52.9)	(53.2)	(58.8)	(67.3)	(81.1)	(100.0)	(99.5)	(95.4)	(93.7)

* Constant dollar figures were derived from current dollar figures deflated by import unit value indices of Africa.

Sources: OECD, Geographical distribution of financial flows to developing countries, various issues; and IMF, International Financial Statistics, various issues.

halted to a standstill in real terms at the level of slightly over US$ 10 billion per year in 1980-1983. In real terms, as deflated by import unit values of Africa, ODA flows to Africa peaked to US$13 billion in 1978 and then dropped close to US$ 11 billion in 1980 and remained constant since then. This is indeed a disquieting development particularly in view of the 1983 World Development Report from the World Bank that low-income countries in Africa will need a doubling of official loans and disbursement, in real terms, by 1995, just to prevent per capita output from falling. If the pessimistic scenario of a rise in official capital flows to Africa only by two-thirds from 1983-1995 should come true, Africa's per capita income will continue to slide in the next decade by 0.5 per cent a year to the low-income group.

It is important to realize in this regard that debt problems in Africa are not just the result of a short-term liquidity squeeze, but of severe structural nature, and hence greater emphasis should be placed on supply-oriented policies, which in turn call for a massive infusion of long-term capital, sufficiently long enough to allow fruition of the effects of the measures taken.

IV. The Fundamental Cause of the African Debt Crisis

The issue of external debt is inseparably linked to the structure of production and orientation of trade, which in turn helps determine the adjustment capability of a developing country for the external balance disequilibrium. The African problem in this regard presents truly a special case which warrants special consideration from the international community. Namely, the structure of production and trade, the consumption patterns of their economies, and social and economic institutions inherited from the colonial era have changed little in many African developing countries since their political independence. As a result, most African countries are still producing what is not appropriate for domestic consumption and consuming what they do not produce. They are wooed by the lack of efficient trade and financial institutions, and the paucity of trained and skilled manpower. More specifically, the structure of African exports is still characterized by the preponderant share of primary commodities, concentration on a small number of commodities, and the lion's share of leading commodities exports accounted for by a small number of countries. Table 1 in the Appendix shows the percentage distribution of manufactured goods and primary commodities exported and imported by the African developing countries. In nearly all cases, the share of primary commodities in total exports is extremely high, in excess of 90 per cent in most cases. The obverse of the picture is mirrored on the import side with the predominant share of manufactured imports, reflecting embryonic stages of development characterized by a fledging industrial base. In the same vein, some of the NICs' performance throws a sharp contrast to that of Africa (See Table 2, Appendix). Particulalry, Korea, Brazil, Argentina, India, all export and import manufactured goods in a much larger scale than any country in Africa.

It is obvious that the concentration of African exports in primary products poses difficulties. More specifically, primary products tend to be highly inelastic both in supply and demand, and hence suffer from both price and revenue instability. Moreover, many such products are losing markets to synthetic substitutes. Perhaps commodity agreement may alleviate these problems in theory, but in practice the past record in this regard does not appear to augur well for most commodity exports.

It is worth noting that the most significant change in the patterns of African primary product exports in the last two decades is of course the rapid increase in oil revenues, steeply climbing from a meagre US$200 million in 1960 to US$67.4 billion in 1980 (about 73.5 per cent of total exports). This underscores particularly the plight of oil-importing African developing countries, which account for a relatively small share of Africa's total exports.

Another dimension of the basic weakness of the export structure of African developing countries is specialization in a few commodities in each country. Examples are numerous: In 1980, oil accounted for all the export earnings of Libyia, 95 per cent of Nigeria's and 92 per cent Algeria's; copper 83 per cent of Zambia's and 43 per cent of Zaire's; coffee 89 per cent of Burundi's and 64 per cent of Ethiopia's; cotton 45 per cent of the Sudan's and 54 per cent of Chad's; cocoa 63 per cent of Ghana's; iron ore 78 per cent of Mauritania's and 52 per cent of Liberia's; diamonds 81 per cent of Botswana's and 59 per cent of Sierra Leone's; uranium 74 per cent of Niger and sugar 68 per cent of Mauritius.[11/]

11/ UN. Fiscal, Monetary, Financial Policy and Institution Section, The Balance-of-payments problems of Developing Africa: A Reassessment, August 1984, p.18.

The implication of this excessive dependence on a few export commodities is quite alarming. A drastic fluctuation in international prices or in external demand severely cripples the country's capacity to earn foreign exchange, import, generate employment and for that matter, sustain the development process. This extreme vulnerability of African commodity-exporting countries to external shocks is the direct consquence of structural imbalance partly inherited from the colonial era.

The lion's share of each of the leading export commodities accounted for by a small number of countries is another structural imbalance in African exports. A large proportion of African crude oil exports are accounted for by Algeria, Gabon, Libya, and Nigeria; Copper by Zaire and Zambia; Cotton by Egypt and Sudan; Coffee by Cameroon, Ethiopia, the Ivory Coast, Kenya, Madagascar, Uganda and Tanzania; Cocoa by Cameroon, the Ivory Cost, Ghana and Nigeria.[12/]

Africa experienced a phenomenal growth in imports of goods in the last decade, with its total imports increasing almost eight-fold from $12 billion in 1970 to $84 billion in 1980 (see table 4). This rapid increase reflects partly the result of sharp increases in the price of many imported items and partly the result of accelerating domestic investment programmes which have required the imports of capital and intermediate goods.

The changing structure of imports reveals the fragility of the African developing economies. Food imports have been growing at an alarming rate partly as a result of rapid population growth and changing eating habits of ever-growing urban population, and also partly owing to the failure of agriculture development. In addition, oil-importing African countries were hit hard by escalating oil prices, with their oil import bills taking a large and growing share of the total export earnings. As a result, given their low foreign exchange earnings and diminishing capital inflows, a larger import of foods and fuels was made possible at the expense of the imports of capital and intermediate goods. As a result, the share of capital goods in total imports fell in a number of African countries, affecting adversely their future economic growth. In short, Africa's increasing

12/ For further details and other commodities, see ECA Survey of Economic Conditions in Africa, 1973, Part I.

TABLE 4: Commodities imported by developing Africa

Year	Total imports (billions of US$)	Food beverages, tobacco	Basic materials	Mineral fuels	Chemicals	Textiles yarns, fabrics	Metals	Machines and transport equipment	Other
				(percentage)					
1970	11 835	12.9	4.3	4.7	8.1	6.6	6.9	31.6	17.9
1975	40 932	13.8	3.6	7.5	7.1	3.9	6.7	41.8	15.6
1976	42 294	12.4	3.4	7.4	6.5	4.0	5.2	46.1	15.0
1977	52 374	12.4	3.8	7.2	6.8	3.9	5.0	44.8	16.1
1978	57 515	13.2	3.6	6.9	6.9	3.9	5.2	43.5	16.8
1979	64 280	13.4	4.2	9.1	7.4	3.8	5.5	39.0	17.6
1980	84 352	14.3	4.3	9.4	8.0	3.7	5.7	37.4	17.2

Source: United Nations, Monthly Bulletin of Statistics, vol. XXXVI, No.5 (May 1982), p. xxxii.

Taken from the United Nations Study on the Balance-of-Payments of Developing Africa: A Reassessment, August 1984, p. 32.

dependence on imported foods and fuels and consequent cut-backs in capital goods imports not only rendered many African countries vulnerable to external disturbances, but also mortgaged heavily their future economic growth.

The rigidity of the structure of trade and production in Africa was also reflected in the movements of Africa's terms of trade for the last two decades. Changing terms of trade has an enormous implication for economic growth in Africa. Gains from an expanded volume of exports are often more than offset by a decline in the price of a commodity exported. In many cases, when world demand for a commodity is highly income-and price-inelastic, the gain in income from increased output is wiped out by the worsening terms of trade, resulting in real income lower than previously.

In general, the terms of trade for Africa oscillated between 40 and 50 (1980=100) in the 1960s and then steadily improved up to 1980, but declined in recent years (see Table 5). However, these aggregate indices conceal substantial variations among African countries. In particular, the two large oil price hikes (1973 - 74 and 1978 - 1980), the boom in cocoa and coffee prices and the sharp fall in the prices of copper and iron ore affected differently the terms of trade for different countries. Generally, the oil-exporting African countries improved their terms of trade, while the terms of trade moved adversely against the oil-importing African developing countries. It is also worth noting from Table 5 that the least developed countries group fared markedly and consistently worse than major exporters of manufactures.

V. Limited Adjustment Capacity of African Developing Countries to the Debt Crisis and the Role of the IMF

In recent years, all developing countries have been hit hard by a combination of adverse external developments - deteriorating terms of trade, high interest rates, mounting fuel costs, shrinking demand for raw materials from the industrialized countries in the midst of recession, a rising wave of protectionism, diminishing resource inflows and destabilizing escalation of the US dollar value. All these factors contributed to the mounting difficulties of servicing debt and the burden of adjustment required to keep the debt problem within a manageable bound became increasingly painful. Africa is no exception in this regard.

Table 5. Terms of trade indices (1980=100)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1981	1982	1983
Developing Countries and Territories	51	49	48	46	44	45	41	42	42	42	42	43	42	45	80	79	79	80	75	83	107	103	96
By region																							
America	69	69	68	68	69	68	71	67	69	74	75	72	78	82	104	107	102	104	95	93	98	93	92
Asia	38	37	36	36	34	33	33	30	31	31	30	32	31	33	74	72	74	74	70	80	110	109	102
Africa	54	49	45	45	43	41	42	40	38	38	40	43	41	44	75	71	73	77	69	78	107	102	95
North	43	40	35	35	31	31	29	27	25	24	26	32	31	34	66	66	66	67	60	72	113	107	98
Others	62	57	54	54	55	51	55	56	61	62	61	56	53	56	83	77	79	87	80	85	101	96	92
By major category																							
Major petroleum exporters	22	22	22	22	21	20	20	19	19	19	19	22	21	23	61	60	63	63	56	69	117	115	103
Other developing countries and territories	120	114	111	114	116	115	120	112	117	122	125	119	119	120	131	129	117	124	116	109	92	98	91
of which																							
Major exporters of manufactures	151	143	142	147	158	154	153	143	145	148	158	159	162	165	156	157	134	133	127	118	91	90	95
Least developed countries	127	120	110	106	109	110	113	106	109	113	115	111	112	109	109	106	115	133	117	108	9.	92	95

Source: UNCTAD, Handbook of international trade and development statistics, 1984 supplement, p.46.

However, some newly industrializing countries like Brazil and Korea with a broad industrial base responded successfully to the debt crisis by boosting manufactured exports and sometimes even without cutting into their imports of essential goods. For instance, Brazil launched its export drive to service the country's US$100 billion of foreign debt and in 1984, it recorded a trade surplus of US$13.1 billion and a 4.4 per cent in GDP. Brazil increased its exports by 23 per cent in 1984 because it possessed an impressive export capacity of manufactured goods with a mature industrial base and its costs were competitively low resulting from a series of the currency devaluations to compensate for inflation. Exports of semi-manufactured products rose by 63 per cent and of manufactured products by 32 per cent in 1984, while exports of primary products - including coffee, soya, iron and sugar - grew only 14 per cent.[13/]

Brazil was able to adjust effectively to the debt crisis, precisely because it evolved over a long period of time from an exporter of raw materials into a manufacturer. Needless to say, it would be naive to expect the same sort of feat in the debt adjustment from the African developing countries. Many adverse factors militate decidedly against Africa's ability to adjust to the debt crisis: the structure of production and trade inherited from the colonial period characterized by an excessive concentration in the exports of a few commodities in each country and an excessive concentration of leading export commodities in a few countries as discussed earlier, a very narrow industrial base, and their export earnings instability at the whims of world commodity price gyrations. Being incapable of boosting exports, lacking ready finance and facing the high cost of borrowing, the only avenue of adjustment left is a drastic reduction in imports. However, such import restriction would undoubtedly entail a de[illegible]t into the supply of essential goods such as food and fuels, which [illegible]hreaten social and political stability, but also massive cutbacks in the imports of essential capital goods and intermediate goods, which inevitably lead to the substantial underutilization of exisitng capacity and economic stagnation.

Consequently, many African developing countries have no other recourse but to turn to the IMF for aid. In fact, the IMF activity has increased markedly in Africa in the last four years. The African countries' share of total Fund

13/ The Economist, March 16, 1985, p.78.

assistance offered under stand-by and extended arrangements in 1979 and 1980 increased sharply to 30 per cent from only 1 per cent in 1970-1978.[14/]

It is beyond the scope of this paper to assess in detail the IMF activity in Africa in recent years and such assessment can be readily found in various IMF publications and elsewhere. Rather the paper will focus on the plight of many African countries in implementing the adjustment programme prescribed by the IMF under the so-called "conditionality" of IMF loans.

The fundamental issue involved here is, not surprisingly, the rigidity and inflexibility of the adjustment programme required by the IMF loans and its unreality and inequity in an African setting. The African dilemma presents a truly special case and should be treated as such accordingly. Many areas of IMF rules should be relaxed and liberalized to accommodate the dire special needs of African developing countries. The following are some of the selected examples:

1) Inflexible repayments schedules

Repayments of Compensatory Financing Facility (CFF) drawings designed to offset the impact of the deterioration of terms of trade normally are made in equal quarterly instalments according to a predetermined rigid payment schedule. Such inflexible scheduling poses considerable difficulties for low-income countries. It is not difficult to recognize the need of restructuring CFF repayments in a flexible manner so as to link them to the export performance. Otherwise, they may continue with further shortfalls and nullify net benefits of drawings from the facility.

2) Devaluation

The IMF adjustment programme usually entail devaluation, credit restrictions and fiscal retrenchment as part of the standard adjustment package and these prescriptions have to be adhered to regardless of the cause of the payment difficulty. But in an African context, devaluation prescription seems particulalry inappropriate. Given the fact that the output of

14/ *IMF Survey*, 4 May 1981, pp.137-189.

primary products is fairly inelastic and insensitive to changes in export prices, coupled with very slow supply responses of many primary commodities, the impact of devaluation is negligible at best and tends to accelerate domestic inflation through higher import costs. Furthermore, African developing countries are not capable of expanding exports because of many structural and institutional rigidities such as financial and technological bottlenecks, and chronic shortages of investment funds and skilled manpower. Furthermore, given the importance of capital goods in the early stages of development, a slightly over-valued currency may be of some benefit to capital goods importing countries.[15/]

3) Price Mechanism

Regarding the IMF built-in bias in favour of the price mechanism and its emphasis on correcting distortions in both factor and product markets, it may suffice to point out the limited effectiveness of price mechanism as a tool for allocating resources in countries dominated by a very large subsistence sector. In this regard, the Fund's attitude toward subsidies on basic foods and other items are well known and touches the sensitive nerve of political and social fabrics and requires no further elaboration.

In sum, the application of rigid and inflexible IMF adjustment programmes is inappropriate and ineffective in an African setting. In developing Africa, short-term adjustment capacity is circumscribed by:

i) the structural imbalance with an overwhelming concentration on commodity exports and consequent extreme vulnerability to external shocks;

ii) wretchedly low levels of per capita income and little room for cutbacks in imports, which are already reduced to the bare minimum levels;

iii) limited administrative and technical capacity and rudimentary development of physical and social infrastructure, and the paucity of skilled manpower.

15/ Louka T. Katseli, "Devaluation: a Critical Appraisal of the IMF Policy Prescriptions", American Economic Review, vol. 73, No. 2 (May 1983), pp.359-363.

As a consequence, there is little scope for supply or demand adjustments in the short-run, and also little room for reducing the already very low levels of real consumption, employment and the provision of basic service.

VI. Conclusions

African debt may not be big enough in global terms to be cause for concern for the international banking community. However, the aggregate figure belies the gravity of the debt burden borne by African developing countries. African debt may not pose a direct threat to the stability of the international financial system, but it has already reached crisis proportions in the informed judgement of many experts and specialists in this field.

It is a crisis because their debt relative to GNP is prohibitively high and, more importantly, there is little room for demand and supply adjustments to cope with mounting payment difficulties. The root cause of the African debt crisis is not just the result of a short-term liquidity squeeze but fundamental structural imbalance. It is the colonial legacy of an economy which specializes in the production and exports of a few primary commodities and imports nearly all essential goods and services. It is the economy which is extremely vulnerable to various external shocks such as the plummeting of world commodity prices and oil price hikes. It is the economy which is incapable of boosting export sales to generate extra foreign exchange earnings to meet the worsening debt service. It is the economy whose per capita incomes hover around the levels of abject poverty and whose imports are already pared to the minimum subsistence and on the verge of "import strangulation" depriving the economy of critical parts and raw materials, and capital goods, resulting in widespread capacity underutilization and unemployment.

Compounded with the hamstrung capacity of African developing economies for supply and demand adjustments are their very limited access to private capital markets except for a handful of oil exporters and the diminishing inflows of ODA from the industrialized countries, which are increasingly becoming aid-weary and also fiscally-retrenched. In these circumstances, most African developing countries have no recourse but to turn to the IMF for aid, despite the fact that some of the conditions attached to the IMF loans are judged to be inimical to growth and employment expansion in these countries. For instance, it appears clear that devaluation prescribed by the IMF as part of the standard adjustment package does little to expand exports. It raises the prices of imports and the domestic inflation rate of an economy largely dominated by the subsistence sector and a very narrow manufacturing base. Thus, devaluation exacerbates rather than ameliorate the debt crisis.

It seems all too clear that the rigidity and inflexibility of the adjustment programme imposed on African countries by the IMF to date may have been self-defeating, since it does little to correct the external sector disequilibrium and to prevent the debt crisis. Above all, it must be recognized that the balance-of-payments and debt problems of developing Africa are basically structural one, requiring the broadening of an industrial base and structural change away from its over-dependence on the production of a very narrow range of primary products for exports. It is essential to change the rules and practices followed by the IMF in the allocation of its resources to facilitate structural change in African developing countries. In particular, it needs to relax its conditionality to lengthen an adjustment period of 5 to 10 years at low interest rates to permit the acceleration of structural change and to expand resource inflows at a much more larger scale than the present level.

Most important of all, it must be recognized by the international community, both donor and recipient countries, that developing Africa presents indeed a special problem which deserves special consideration. Perhaps it may be necessary to elicit explicit recognition by non-African developing countries of the plight of developing Africa to forestall the IMF contention that if Africa were to be treated differently, other debtor developing countries would never stand for it. Indeed, there is a strong case for treating Africa differently. This calls for sympathetic understanding from other developing countries as well as donor countries. Only then, developing Africa will be able to make a significant step in the right direction towards the solution of their debt problems.

APPENDIX

Table I. Structure of Trade in African Developing Countries

LOW-INCOME AFRICA

Country	Year	Exports: Total Value (m$)	Exports: Manufacturing Share (%)	Exports: Primary Com. Share (%)	Year	Imports: Total Value (m$)	Imports: Manufacturing Share (%)	Imports: Primary Com. Share (%)
Benin	1975	45.7	13.3	86.2	1976	218.8	64.7	35.2
	1978	20.3	8.2	91.8	1977	246.2	63.0	36.9
Burundi	1975	31.6	2.7	97.3		62.7	66.6	22.3
	1980	59.1	1.3	92.6		167.2	61.6	32.9
Cape Verde	1975	2.4	34.2	65.8		41.0	17.4	81.3
	1980	4.2	5.2	94.8		67.8	43.4	55.4
C.A.R.	1975	47.2	23.7	76.3		68.2	78.8	21.2
	1980	111.2	26.2	73.8		80.5	73.1	26.9
Chad	1975	40.0	7.7	91.9		110.0	65.6	34.1
Comoros	1975	9.3	29.5	69.8		13.1	39.8	59.7
Ethiopia	1976	215.2	1.8	97.4		294.0	68.3	31.2
	1980	424.4	.2	99.8		721.4	60.4	38.1
	1982	404.3	.7	99.2		784.9	58.7	41.3
Gambia	1975	48.1	.1	99.8		48.7	59.2	38.6
	1971	45.6	0.0	99.9		73.1	61.1	37.2
Ghana	1975	728.2	1.4	98.5		787.9	59.0	39.4
	1979	912.6	1.3	98.7		852.7	62.2	36.1
Guinnea-Bissau	1975	6.2	.1	99.9		37.1	52.0	48.0
	1977	11.1	1.0	99.0		32.3	55.1	42.0
Madagascar	1975	301.4	4.1	95.9		366.9	56.4	43.5
	1980	386.5	6.2	93.7		676.5	66.4	33.4
	1981	324.3	7.5	2.5		473.0	67.2	32.7

(Table I. Continued)

LOW-INCOME AFRICA

Country	Year	Exports Total Value (m$)	Exports Manufacturing Share (%)	Exports Primary Com. Share (%)	Year	Imports Total Value (m$)	Imports Manufacturing Share (%)	Imports Primary Com. Share (%)
Malawi	1975	121.1	4.5	95.0		250.5	71.6	28.1
	1980	269.5	6.4	93.3		440.2	68.7	31.1
	1981	261.6	7.5	92.2		350.1	66.7	33.0
Mali	1975	36.5	11.7	88.3		190.1	54.1	45.9
	1979	106.2	23.4	76.5		304.5	64.7	35.0
Niger	1975	91.2	8.4	91.3		98.9	50.9	44.0
	1980	579.7	2.0	97.9		607.7	51.7	46.8
	1981	454.8	2.1	97.8		509.7	55.5	43.7
Rwanda	1975	42.2	.2	97.2		96.1	60.0	40.0
	1978	70.3	0.0	100.0		179.1	66.4	32.9
Sierra Leone	1975	140.0	54.2	45.8		159.3	59.9	38.8
Somalia	1975	88.6	2.9	96.8		154.7	61.0	38.7
	1980	132.6	.5	99.2		348.0	58.8	40.9
Togo	1975	124.8	5.8	94.2		173.9	68.5	31.3
	1980	334.8	10.1	89.9		549.6	56.9	42.9
	1981	206.4	14.6	75.4		435.8	61.1	38.9
Tanzania, United Rep.	1975	343.2	12.0	87.8		718.2	60.6	39.3
	1980	527.7	14.0	86.0		1211.4	59.5	40.5
	1981	552.7	10.6	89.3		867.3	57.8	42.2
Uganda	1975	263.0	0.0	100.0		128.7	84.2	15.5
	1977	-	-	-		182.1	69.5	30.2
Burkina Faso	1975	43.5	6.3	93.7		151.2	62.9	37.0
	1980	90.2	8.9	90.1		358.0	59.1	40.8
	1981	75.0	13.8	86.2		337.5	53.8	46.2
Zaire	1975	864.8	6.6	92.4		932.8	65.7	33.4
	1979	549.2	3.2	95.7		373.3	66.2	32.7

(Table I. Continued)

MIDDLE-INCOME OIL IMPORTING AFRICA

Country	Year	Exports Total Value (m$)	Exports Manufacturing Share (%)	Exports Primary Com. Share (%)	Year	Imports Total Value (m$)	Imports Manufacturing Share (%)	Imports Primary Com. Share (%)
Djibouti	1975	16.0	2.9	86.8		146.3	54.5	45.3
Ivory Coast	1975	1181.6	10.9	88.3		1126.5	63.8	35.3
	1981	2535.2	9.5	89.9		2393.1	50.4	48.7
	1982	2287.9	9.8	89.5		2183.7	52.7	46.1
Kenya	1975	456.0	13.1	86.8		910.8	58.6	41.3
	1980	1313.4	11.6	88.3		2589.9	50.6	49.4
Liberia	1975	393.9	1.2	98.1		331.2	65.3	33.4
	1980	597.0	1.9	96.6		534.1	48.8	50.8
	1981	523.6	1.4	97.5		477.4	46.6	52.9
Mauritania	1975	174.3	.4	99.5		165.0	53.8	45.3
Mauritius	1975	294.6	11.4	88.6		330.7	57.1	42.9
	1978	320.2	25.6	74.4		498.4	56.3	43.7
Morocco	1975	1543.0	12.5	87.5		2547.3	47.6	52.4
	1980	2403.4	23.5	76.5		4182.4	40.7	59.3
	1982	2058.6	34.3	65.7		4315.3	40.9	59.1
Senegal	1975	462.4	14.5	85.5		581.4	54.3	45.4
	1980	476.7	15.0	84.9		1037.9	46.0	53.5
	1981	560.8	19.5	80.5		1077.4	38.1	61.5
Seychelles	1975	2.1	.6	99.3		31.8	47.4	51.4
	1980	5.2	1.8	97.7		98.9	47.6	49.6
	1982	3.1	.7	99.3		98.0	53.3	45.3
Zambia	1975	805.1	.7	99.3		928.7	69.6	29.8
	1979	1372.0	.7	99.3		750.2	66.4	33.4
Zimbabwe	1976	844.8	13.4	86.6		619.7	61.3	33.5
	1979	1059.9	12.5	87.3		939.8	52.4	41.9

(Table I. Continued)

MIDDLE-INCOME OIL EXPORTING AFRICA

Country	Year	Exports Total Value (m$)	Exports Manufacturing Share (%)	Exports Primary Com.Share (%)	Year	Imports Total Value (m$)	Imports Manufacturing Share (%)	Imports Primary Com.Share (%)
Algeria	1975	1009.0	5.0	95.0		5974.1	63.6	36.4
	1980	15623.6	.2	99.8		10524.5	63.9	36.0
	1981	-	-	-		11302.3	65.3	34.7
Cameroon	1975	446.3	10.5	89.5		598.3	72.2	27.8
	1980	1320.9	3.8	96.2		1538.4	72.7	27.2
	1982	1028.9	7.5	92.5		1243.2	79.6	20.4
Congo	1975	178.5	11.6	88.4		164.8	69.6	30.4
	1980	955.3	6.7	93.3		418.1	56.9	43.1
Egypt	1975	1401.9	32.2	67.8		3933.7	43.2	[illegible]
	1980	3046.0	10.4	89.6		4860.0	51.1	48.8
	1982	3120.2	7.9	92.0		9077.9	53.6	46.4
Gabon	1975	941.9	1.0	99.0		446.3	74.8	24.7
	1980	2189.3	0.0	100.0		673.6	70.8	28.7
	1981	1699.9	4.7	95.3		834.4	72.6	27.3
Nigeria	1975	7983.4	.2	99.5		6041.2	74.7	25.0
	1978	16360.8	.3	99.3		10274.3	71.7	28.0
Tunisia	1975	856.2	19.4	80.6		1417.8	60.1	39.9
	1980	2233.7	35.6	64.4		3508.7	51.8	48.1
	1981	2503.7	33.2	66.7		3770.9	52.5	47.3

Source: UNCTAD, Handbook of international trade and development statistics, 1984 supplement.

APPENDIX

Table II. Structure of Trade in Major Non-African Debtor Developing Countries

Country	Year	Exports Total Value (m$)	Exports Manufacturing Share (%)	Exports Primary Com. Share (%)	Year	Imports Total Value (m$)	Imports Manufacturing Share (%)	Imports Primary Com. Share (%)
Argentina	1975	2961.3	23.6	76.3		3945.3	48.5	51.5
	1980	8021.4	21.4	78.6		10539.2	71.7	28.3
	1982	7624.9	19.8	80.2		5336.9	67.7	32.2
Brazil	1975	8669.5	23.3	74.6		13578.3	52.2	47.8
	1980	20132.0	32.8	65.8		24948.8	38.5	61.5
	1982	20173.0	33.3	65.4		21061.3	32.3	67.7
Chile	1975	1648.7	8.3	91.7		1533.6	53.0	46.6
	1980	4583.9	8.7	90.7		5123.1	57.8	38.7
	1981	3744.8	7.4	92.3		6277.2	66.0	31.3
India	1975	4354.8	42.2	57.6		6289.5	38.3	61.5
	1980	7510.6	57.5	42.2		13818.7	32.6	67.4
Indonesia	1975	7130.2	1.2	98.8		4769.7	67.1	32.9
	1980	21908.9	2.2	97.6		10834.4	56.0	43.7
	1982	22293.3	3.6	96.1		16530.4	58.1	41.5
Korea, Republic of	1975	5070.6	76.8	23.0		7271.0	45.9	54.1
	1980	17445.8	80.1	19.5		22228.2	38.7	61.2
	1981	21199.8	81.3	18.2		26028.3	39.4	60.5
Mexico	1975	2993.1	29.5	70.5		6571.6	67.9	32.1
	1980	15307.5	11.0	85.6		19516.9	49.4	26.6
Venezuela	1975	8990.6	1.0	99.0		5807.3	73.0	26.8
	1980	19292.8	1.1	98.9		10669.2	72.7	27.3
	1981	17517.9	1.5	98.5		11811.0	72.1	27.8

Source: UNCTAD, Handbook of international trade and development statistics, 1984 supplement.

APPENDIX
TABLE III.

Major Non-African Debtor Developing Countries*

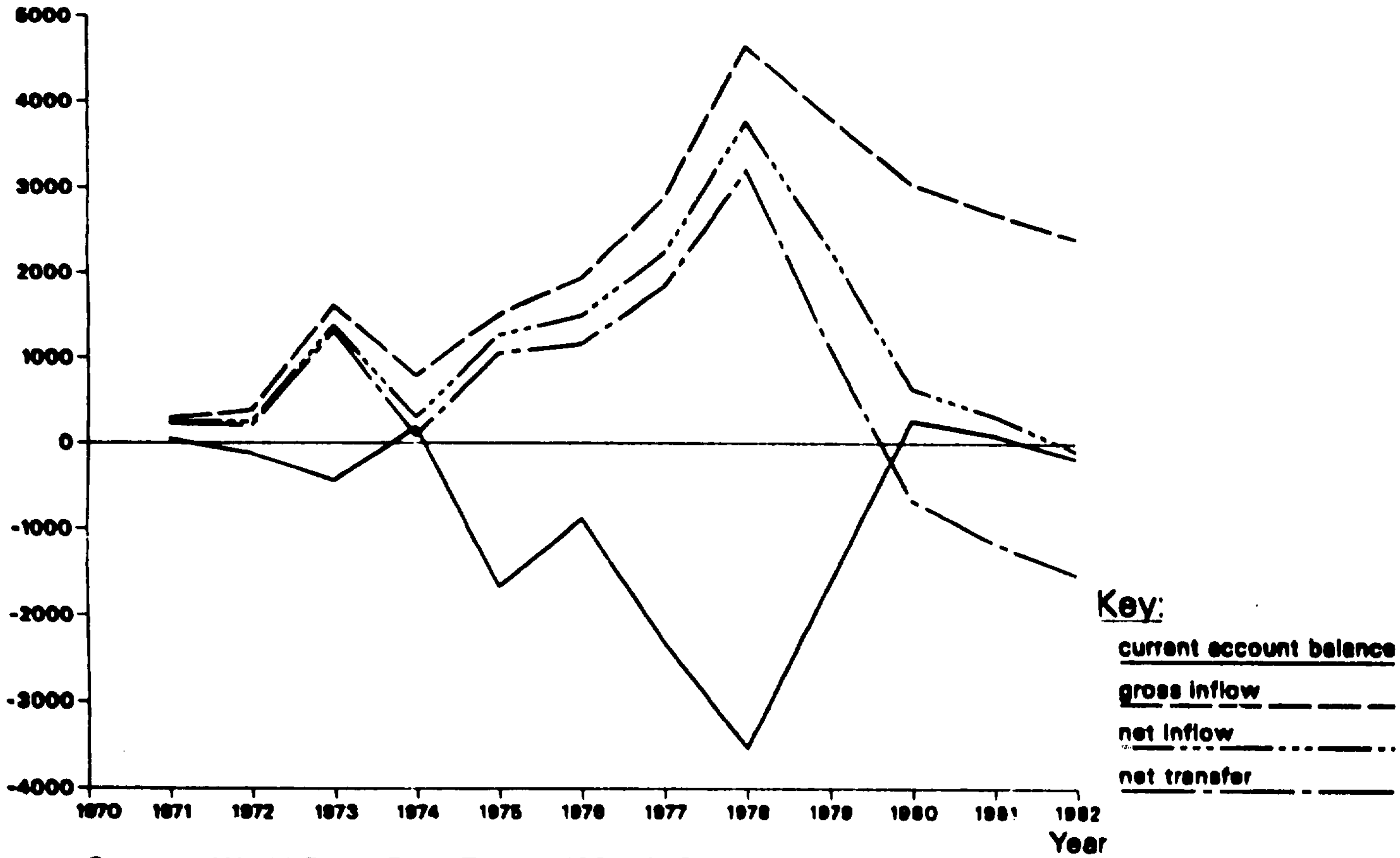
	X	M	TG	CA	GB	NB	NT	INT	A**	CA/NB	INT/NB	NT/GB
1971	14,556	15,637	-1,081	-1,363	4,874	2,883	1,897	986	1,991	-0.47	0.34	0.39
1972	17,431	17,710	-279	-4,268	6,957	4,674	3,520	1,154	2,283	-0.91	0.25	0.51
1973	26,922	25,332	1,590	-3,585	8,913	5,884	4,282	1,602	3,030	-0.61	0.27	0.48
1974	43,397	42,695	702	-5,066	12,277	8,837	6,700	2,137	3,440	-0.57	0.24	0.55
1975	41,460	45,907	-4,447	-13,802	14,452	10,314	7,394	2,919	4,139	-1.34	0.28	0.51
1976	50,560	49,535	1,025	-8,548	19,457	14,347	10,727	3,620	5,110	-0.60	0.25	0.55
1977	60,978	57,110	3,868	-7,490	21,631	13,615	9,180	4,435	8,016	-0.55	0.33	0.42
1978	66,928	69,510	-2,582	-17,004	32,025	18,776	12,409	6,367	13,248	-0.91	0.34	0.39
1979	87,805	88,478	-673	-20,410	36,395	19,348	9,951	9,397	17,047	-1.06	0.49	0.27
1980	115,287	115,760	-473	-27,227	31,434	16,719	3,768	12,951	14,715	-1.63	0.77	0.12
1981	128,612	128,185	427	-42,605	37,756	23,081	6,937	16,144	14,675	-1.85	0.70	0.18
1982	119,016	111,331	7,685	-38,882	25,467	11,583	-7,107	18,690	13,884	-3.36	1.61	-

* Argentina, Brazil, Chile, India, Indonesia, Rep. of Korea, Mexico and Venezuela.
** X = merchandise exports fob; M = merchandise imports fob; TG = trade gap, i.e. (X-M); CA = current account balance; GB = gross borrowing; NB = net borrowing, i.e. (GB-A); NT = net transfer, i.e. (NB-INT); INT = interst payments; A = amortization.

Source: IMF, International Financial Statistics, Yearbook 1984 and January 1985, and World Bank, World Debt Tables, 1983-84 Edition.

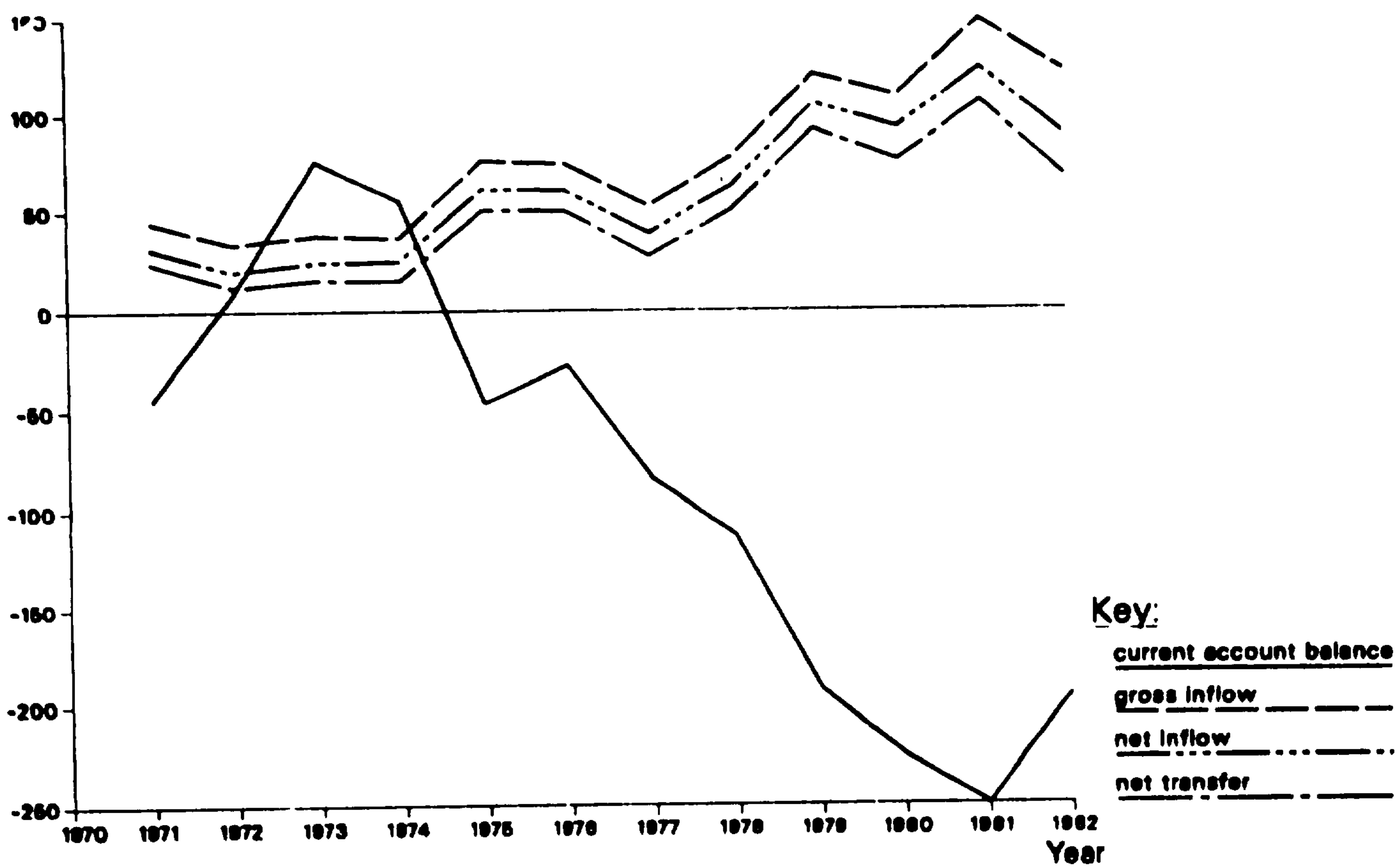
APPENDIX

Figure I.. Capital inflow and current account balances: Algeria.
(in millions of US dollars)



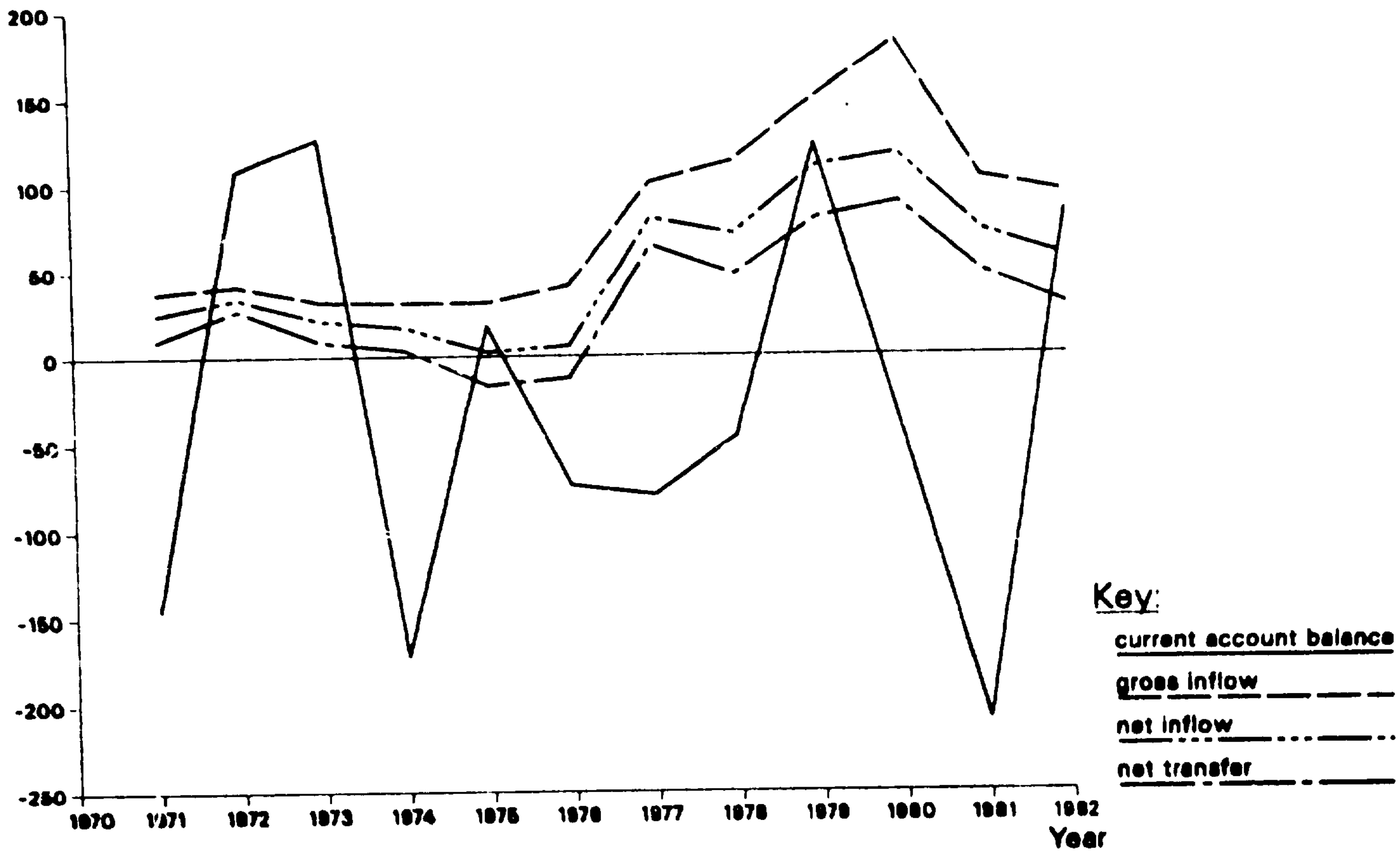
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure II . Capital inflow and current account balances:
Ethiopia
(in millions of US dollars)



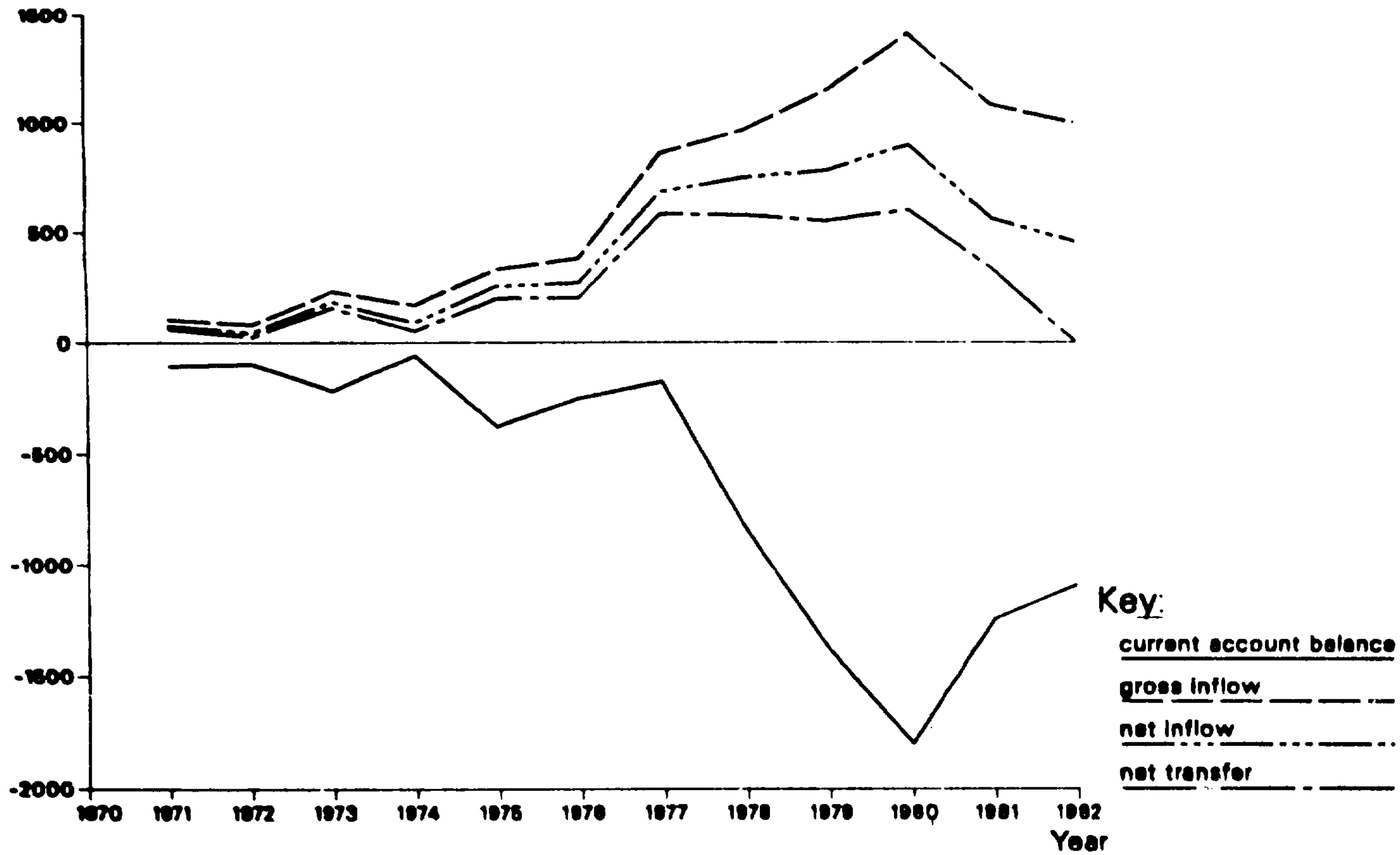
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure III. Capital inflow and current account balances: Ghana
(in millions of US dollars)



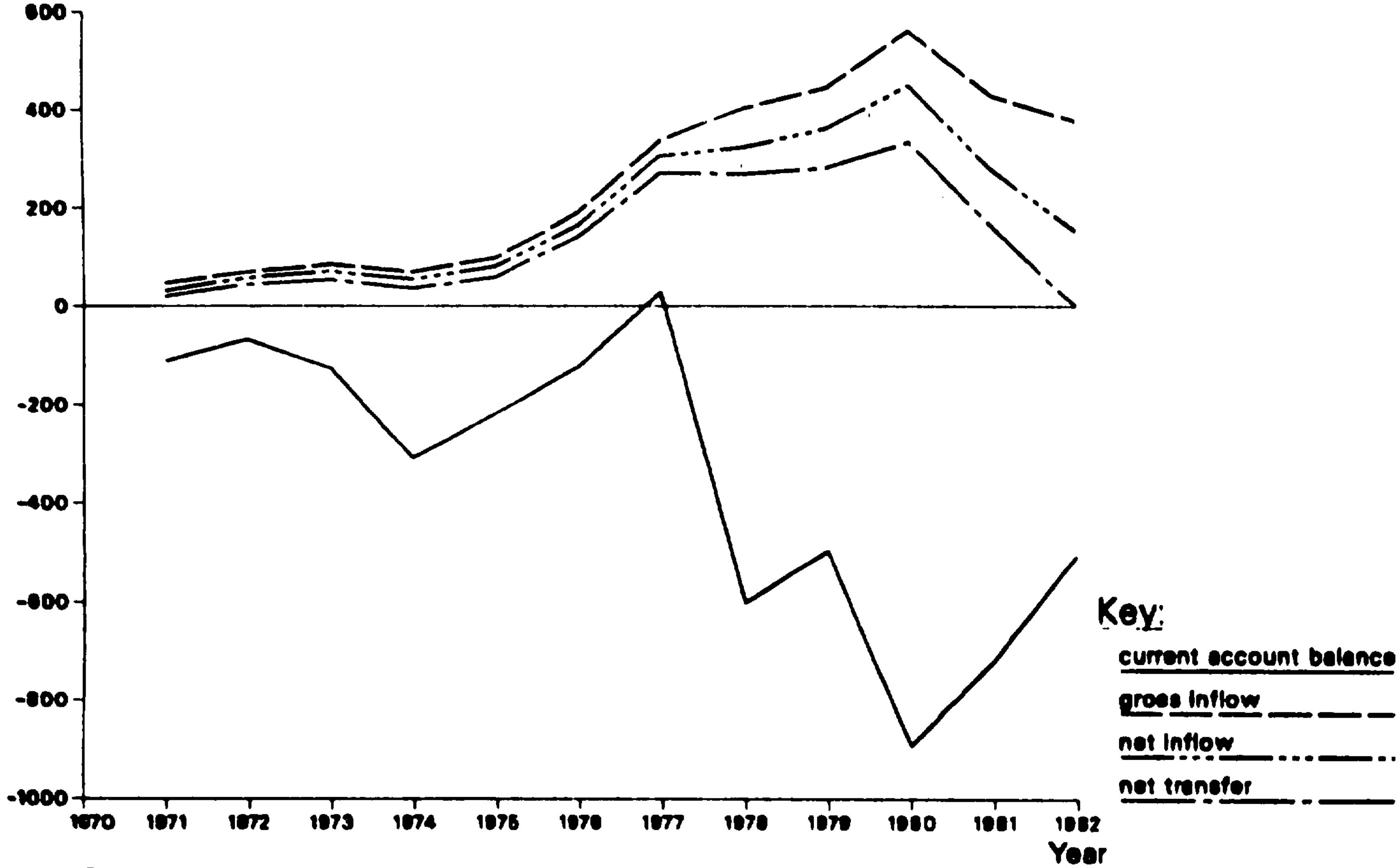
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure IV. Capital inflow and current account balances: Ivory Coast.
(in millions of US dollars)



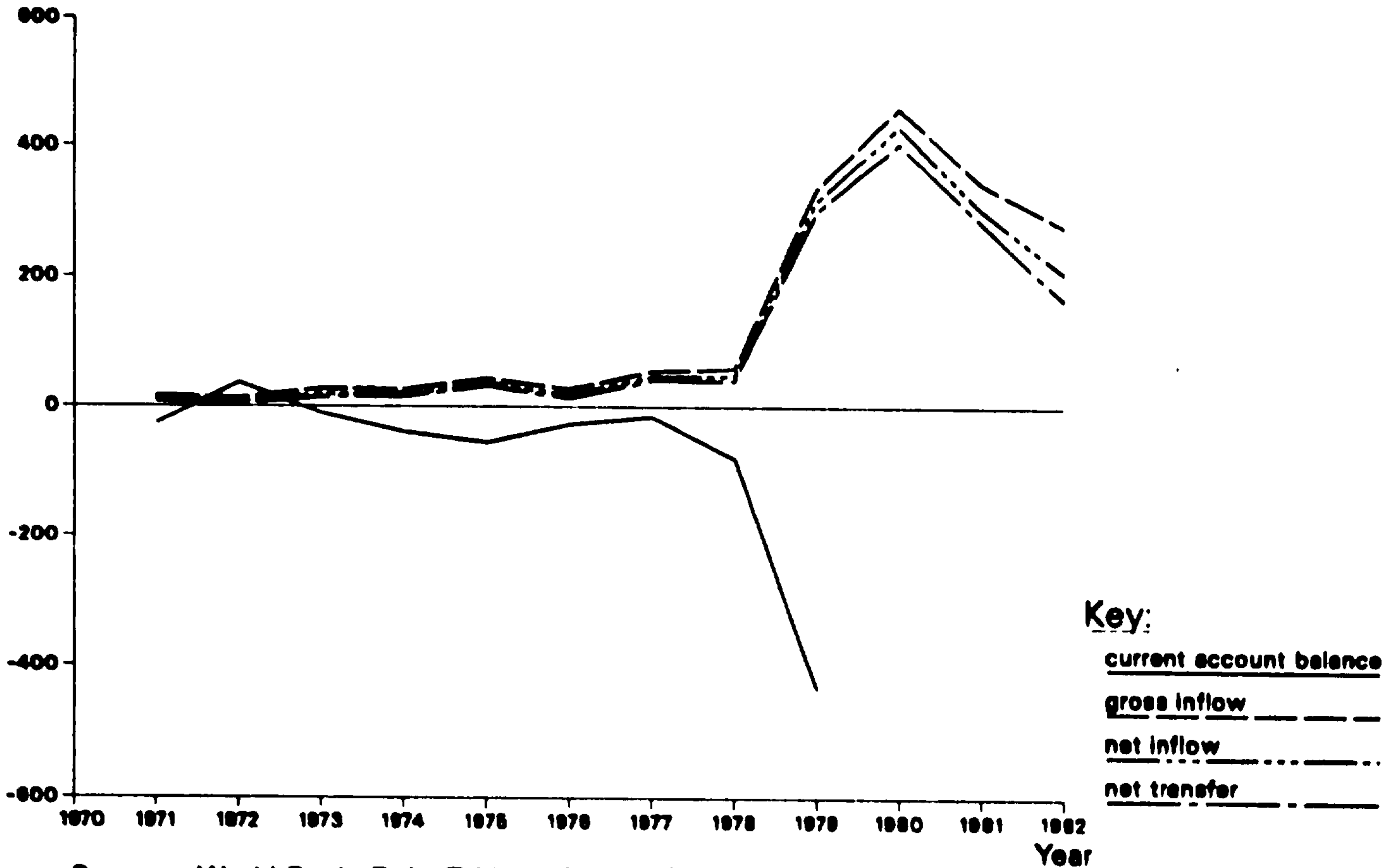
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure V. Capital inflow and current account balances: Kenya.
(in millions of US dollars)



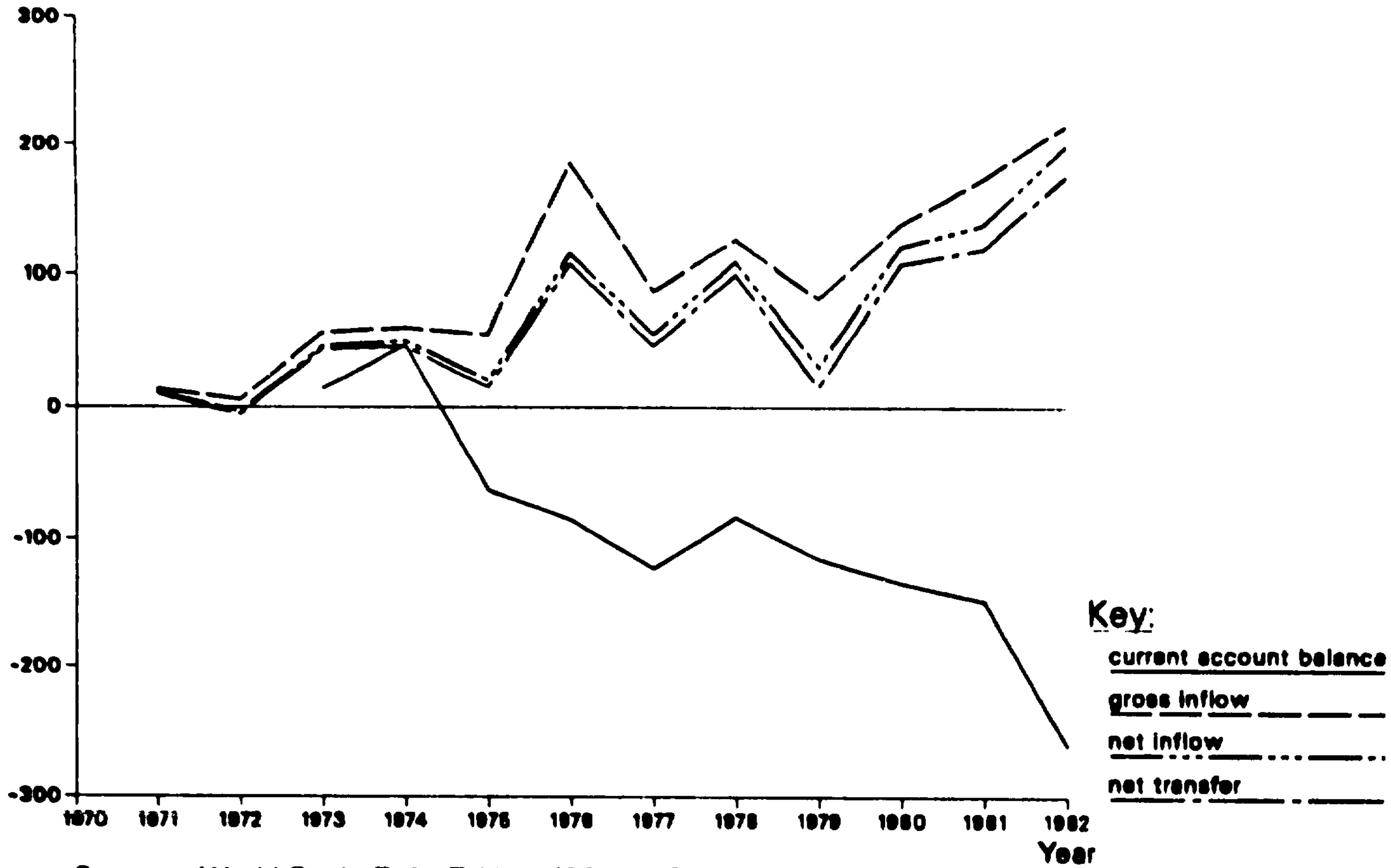
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure VI. Capital inflow and current account balances: Madagascar
(in millions of US dollars)



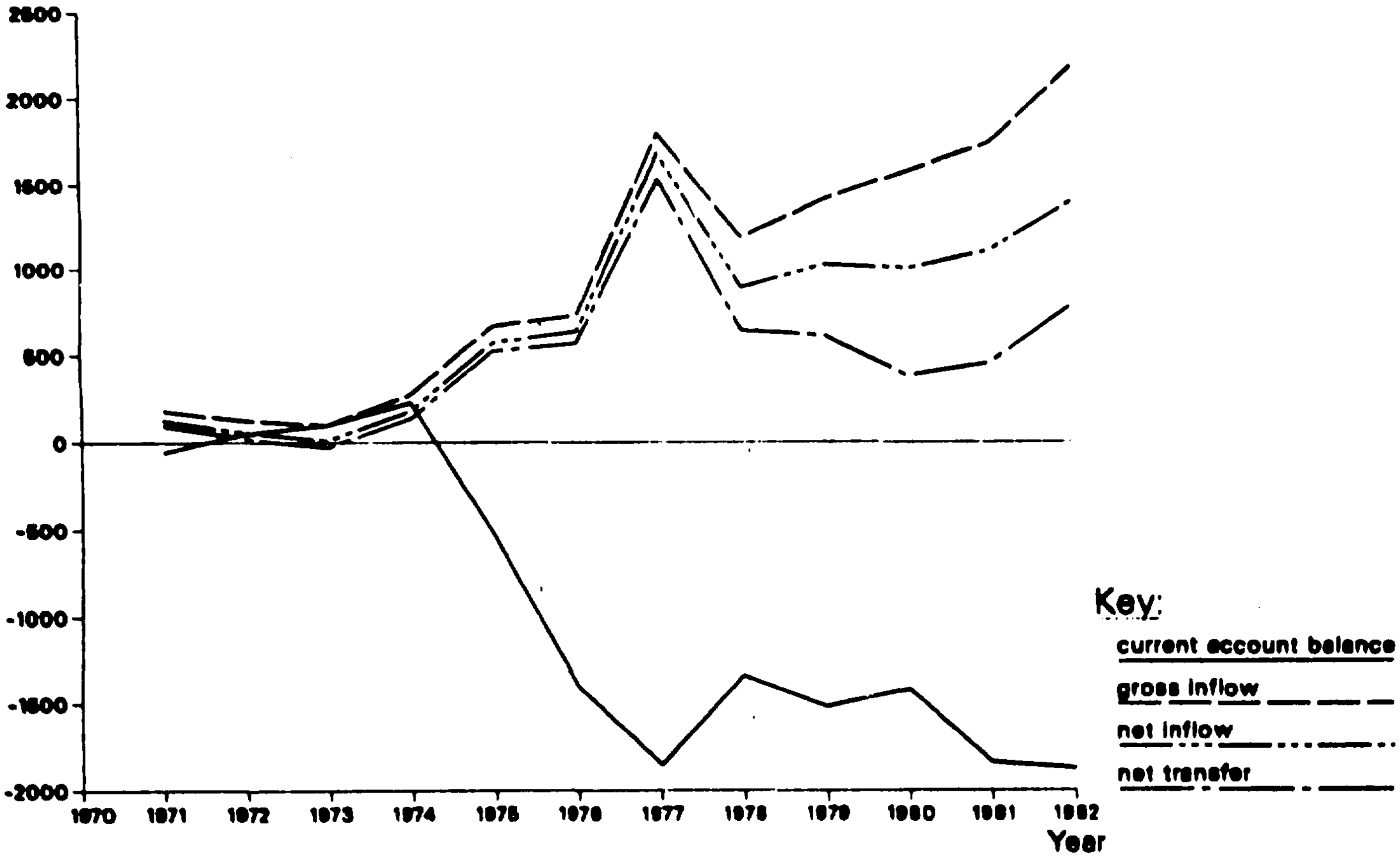
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure VII Capital inflow and current account balances: Mauritania.
(in millions of US dollars)



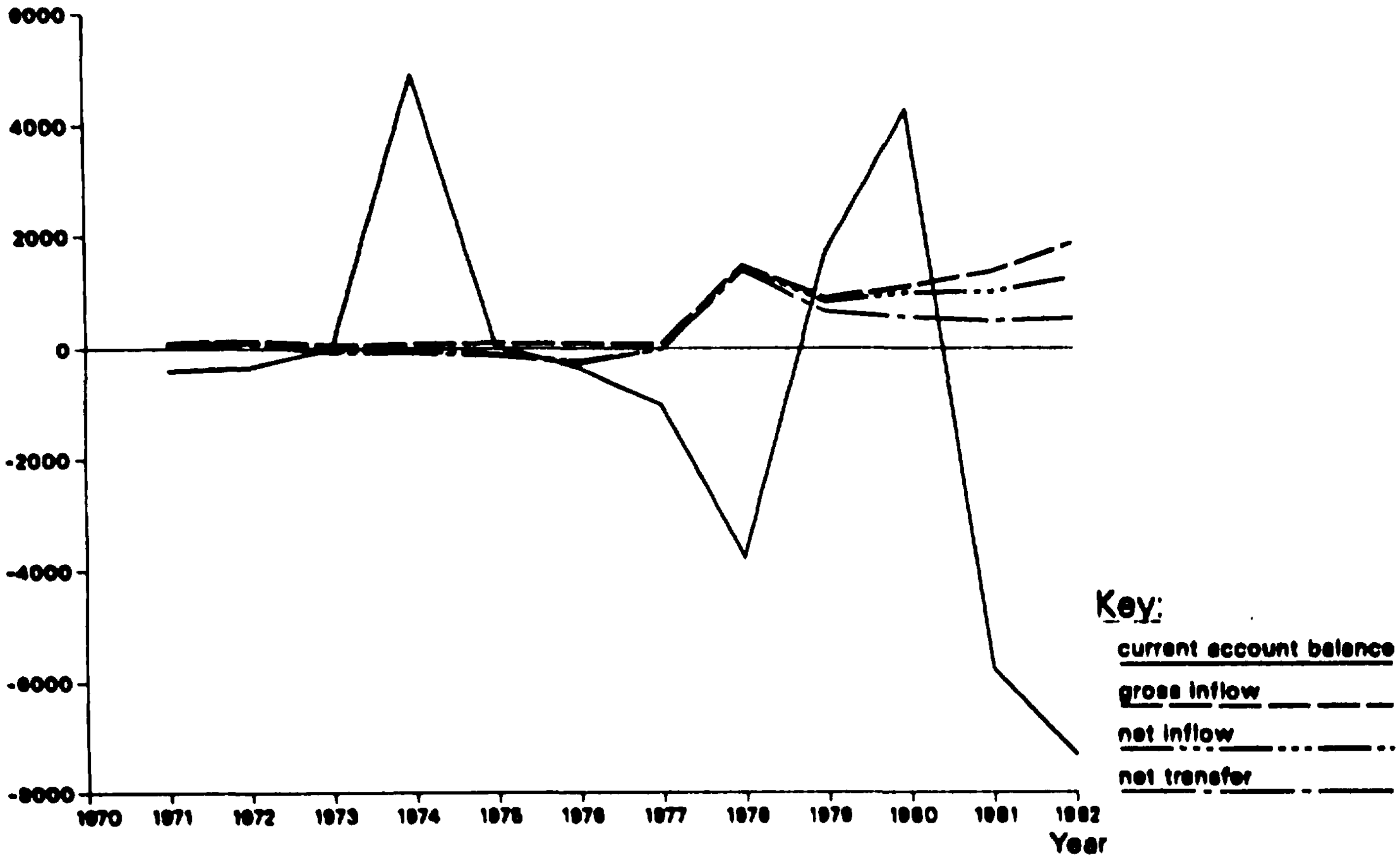
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure VIII. Capital inflow and current account balances: Morocco.
(in millions of US dollars)



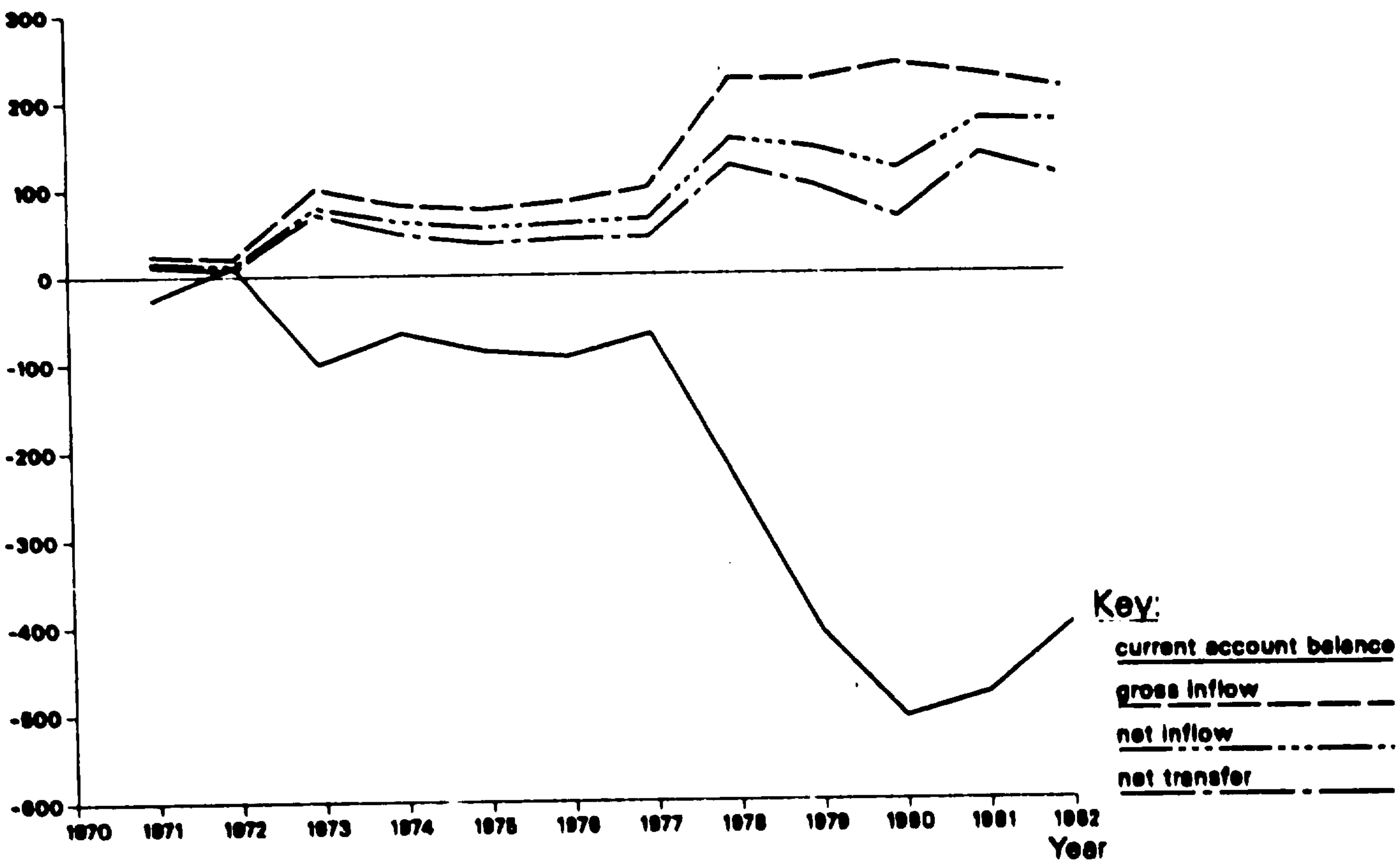
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure IX. Capital inflow and current account balances: Nigeria.
(in millions of US dollars)



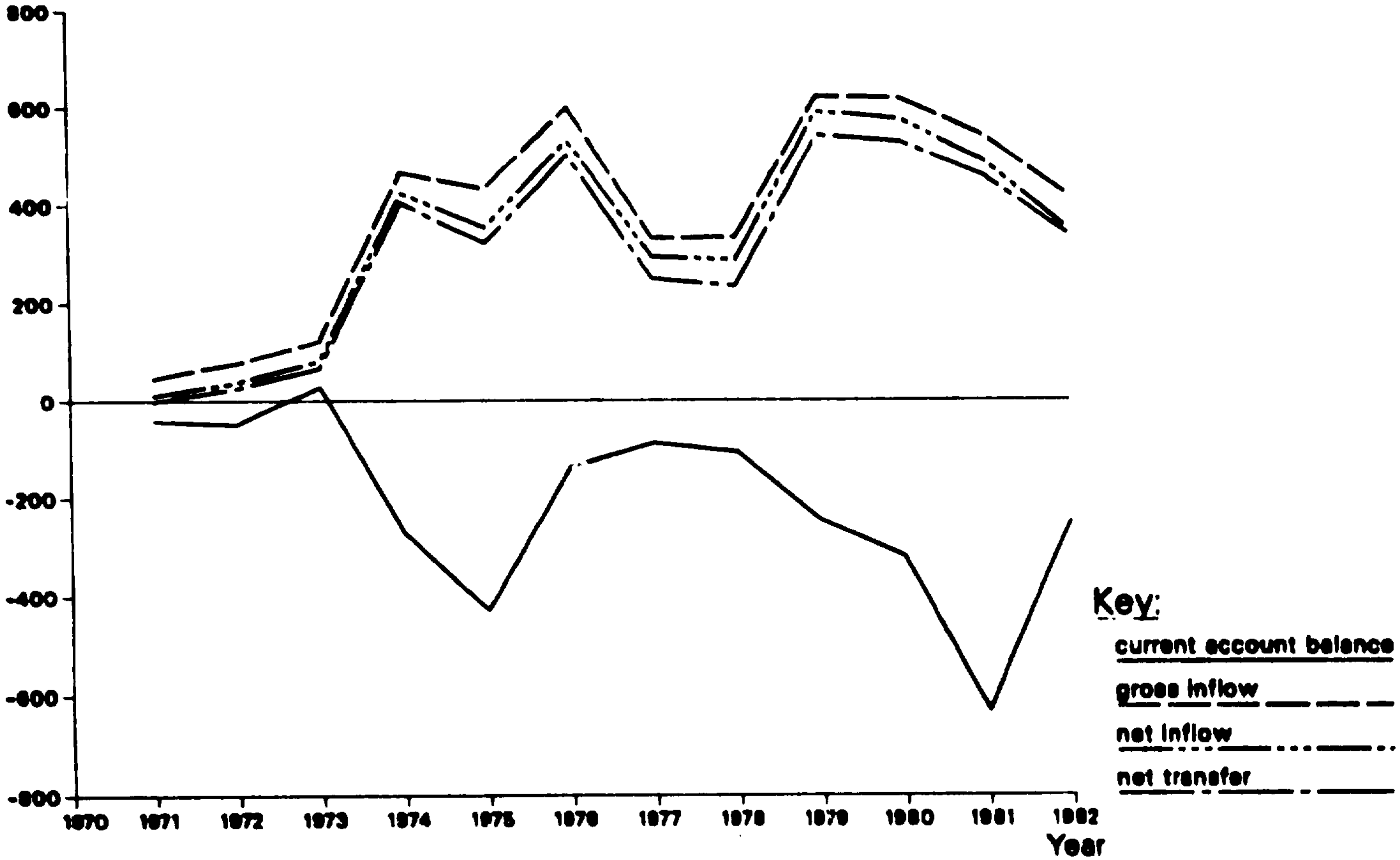
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure x . Capital inflow and current account balances:
Senegal.
(in millions of US dollars)



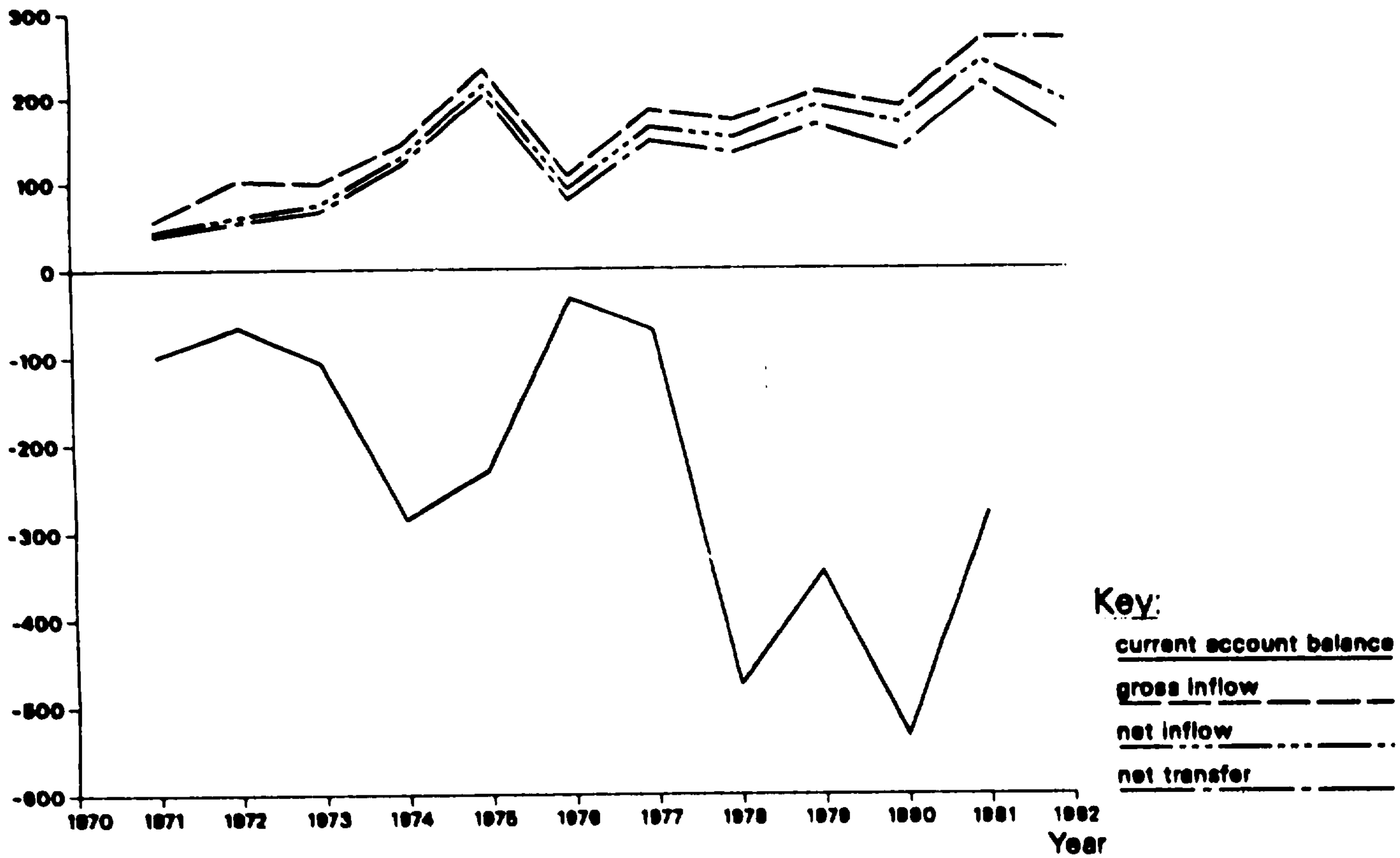
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure XI. Capital inflow and current account balances: Sudan.
(in millions of US dollars)



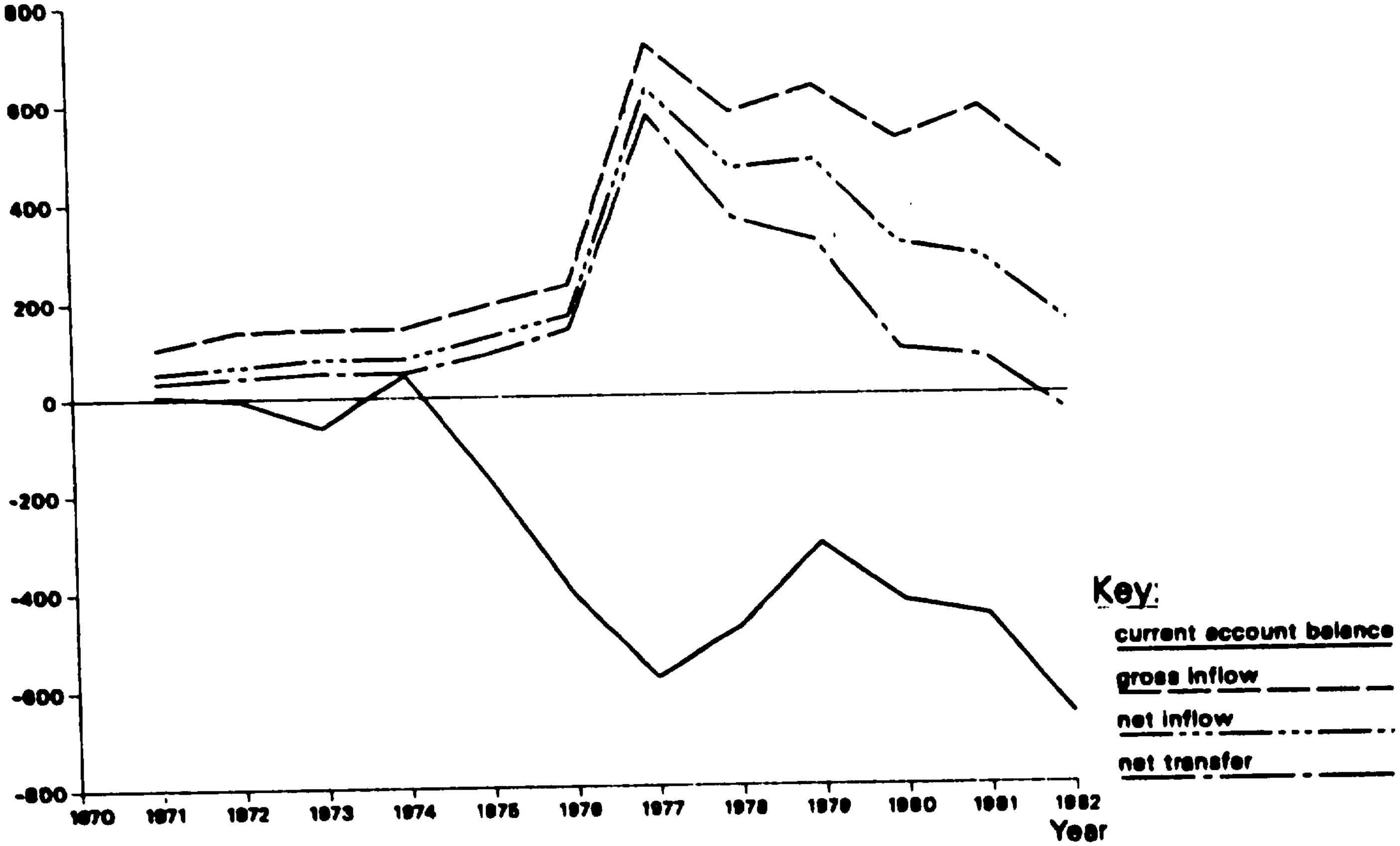
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure XII. Capital inflow and current account balances:
Tanzania
(in millions of US dollars)



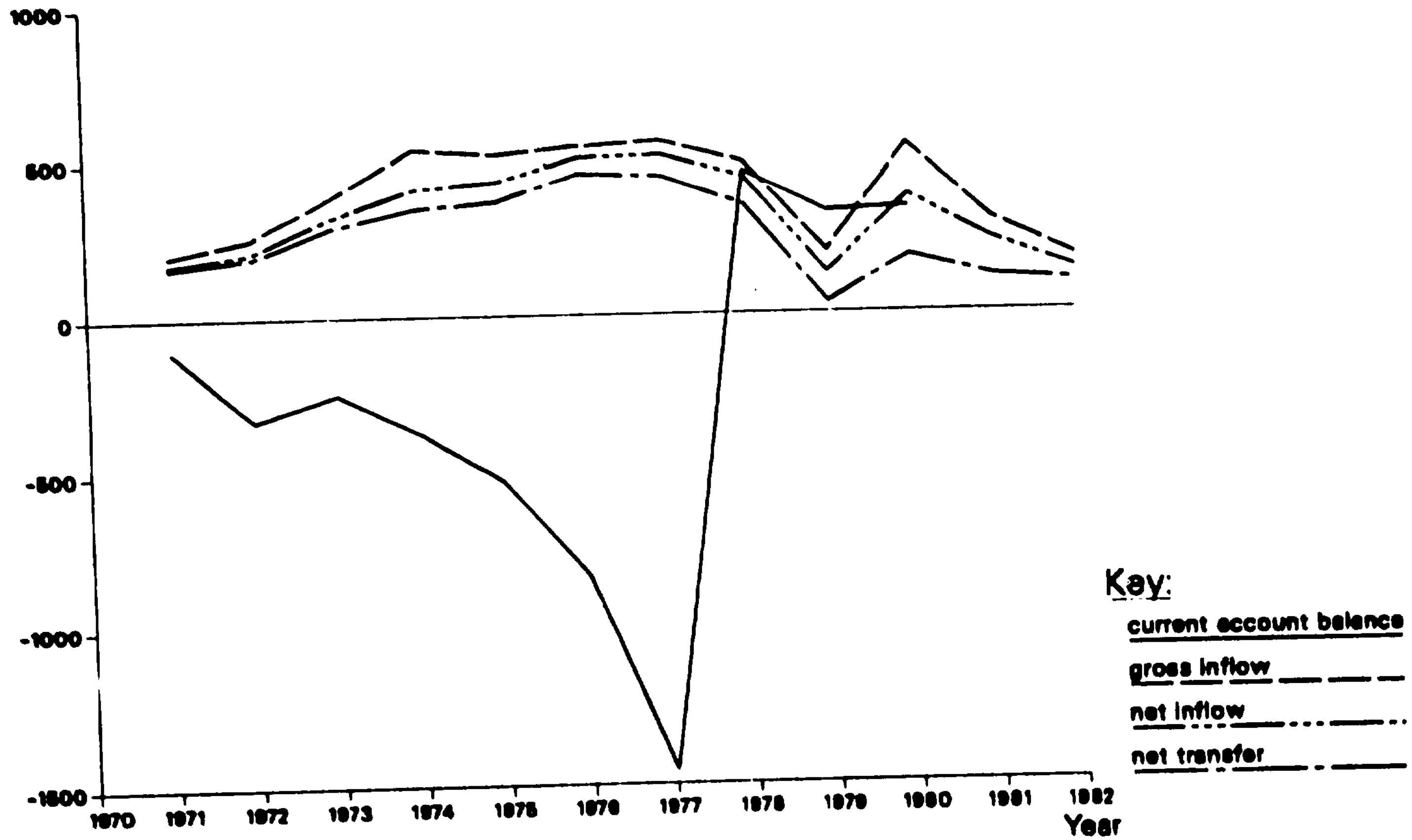
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure XIII. Capital inflow and current account balances: Tunisia.
(in millions of US dollars)



<u>Sources</u>: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure XV. Capital inflow and current account balances:
Zaire
(in millions of US dollars)



Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

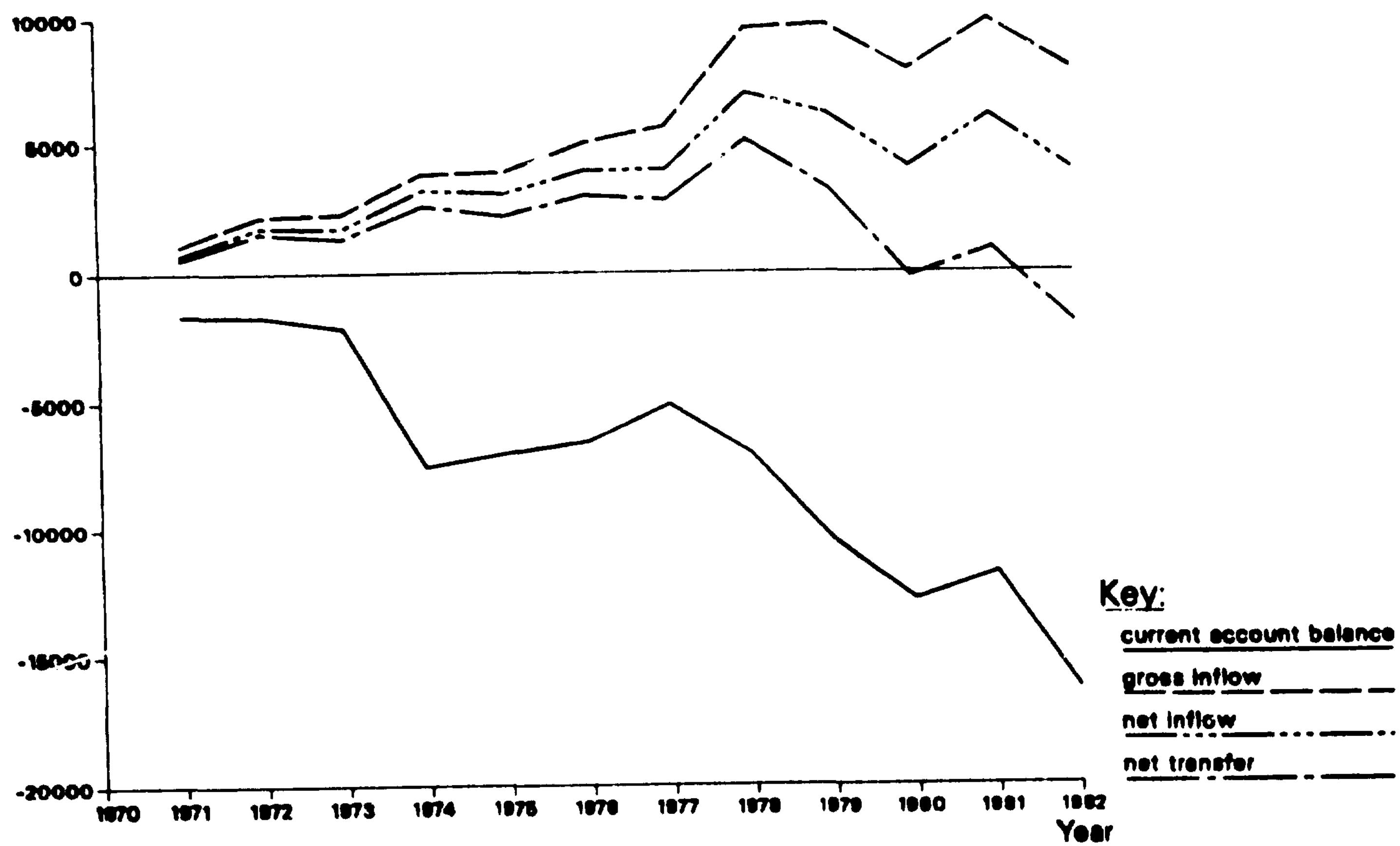
Figure xv Capital inflow and current account balances: Zambia.
(in millions of US dollars)

Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure XVI. Capital inflow and current account balances: Argentina.
(in millions of US dollars)

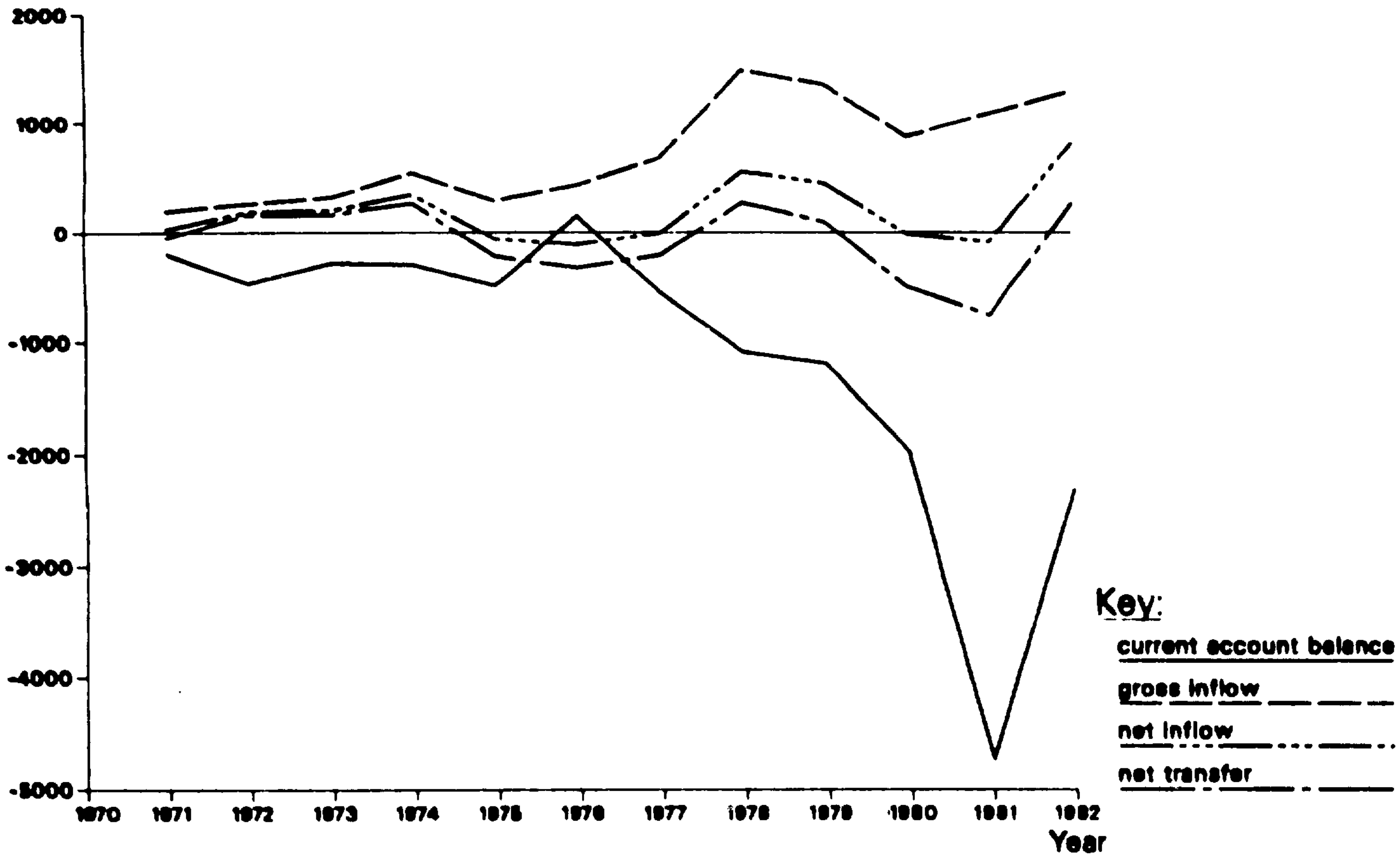
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure XVII. Capital inflow and current account balances: Brazil.
(in millions of US dollars)



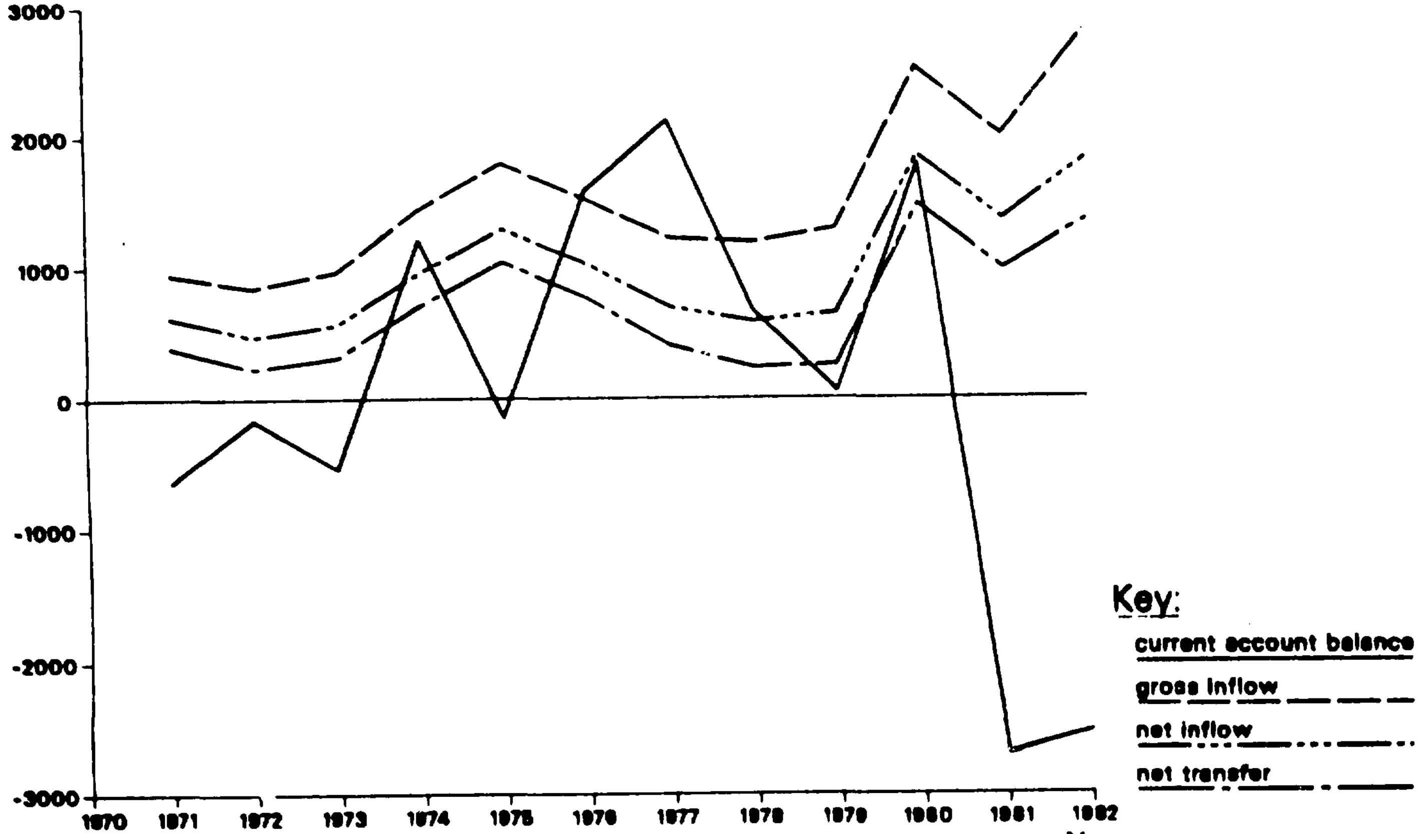
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure XVIII. Capital inflow and current account balances: Chile.
(in millions of US dollars)



Sources: World Bank, Debt Tables, 1981, 1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure XIX. Capital inflow and current account balances: India.
(in millions of US dollars)

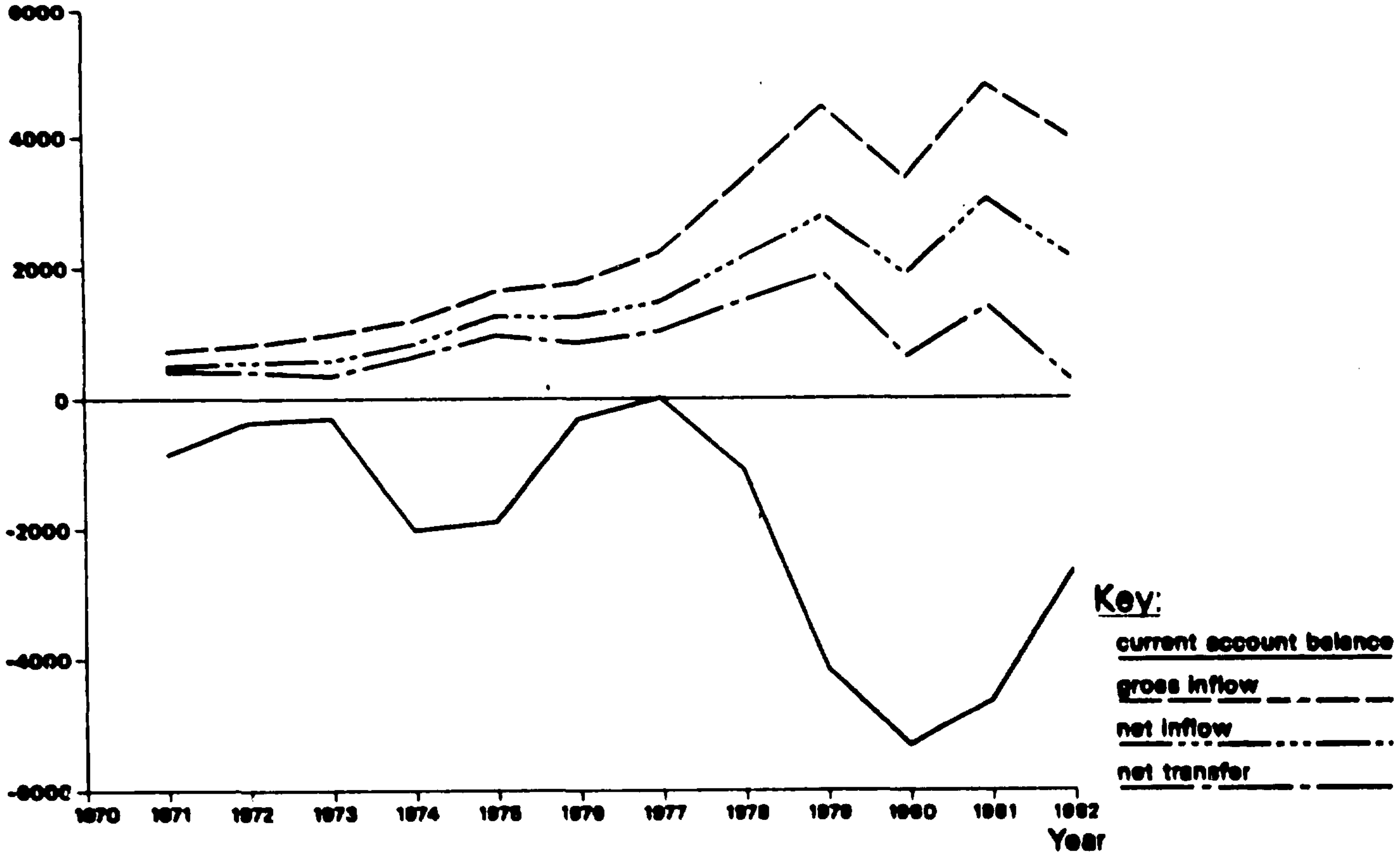


<u>Sources</u>: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure xx. Capital inflow and current account balances: Indonesia.
(in millions of US dollars)

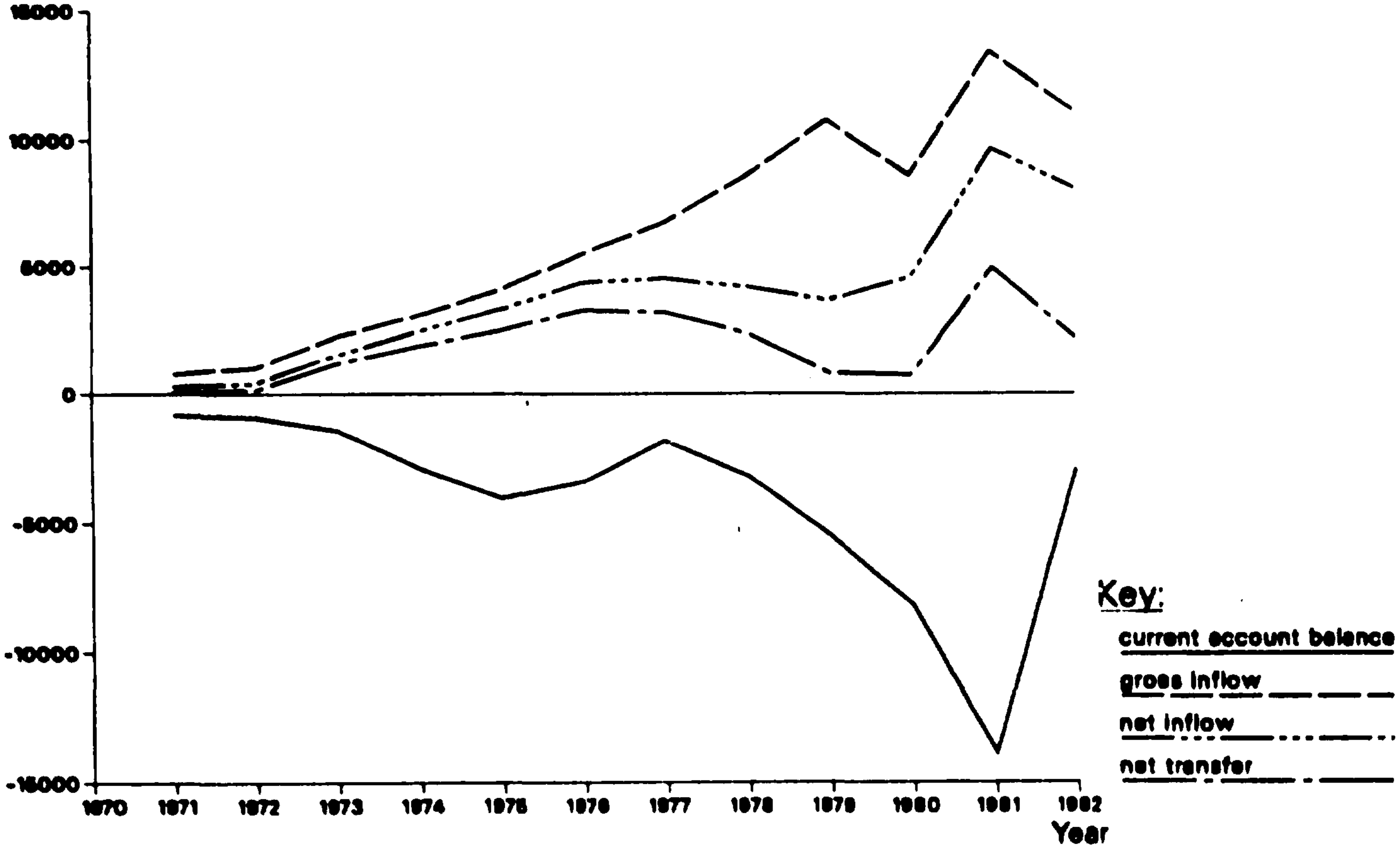
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure xx1 Capital inflow and current account balances:
Republic of Korea.
(in millions of US dollars)



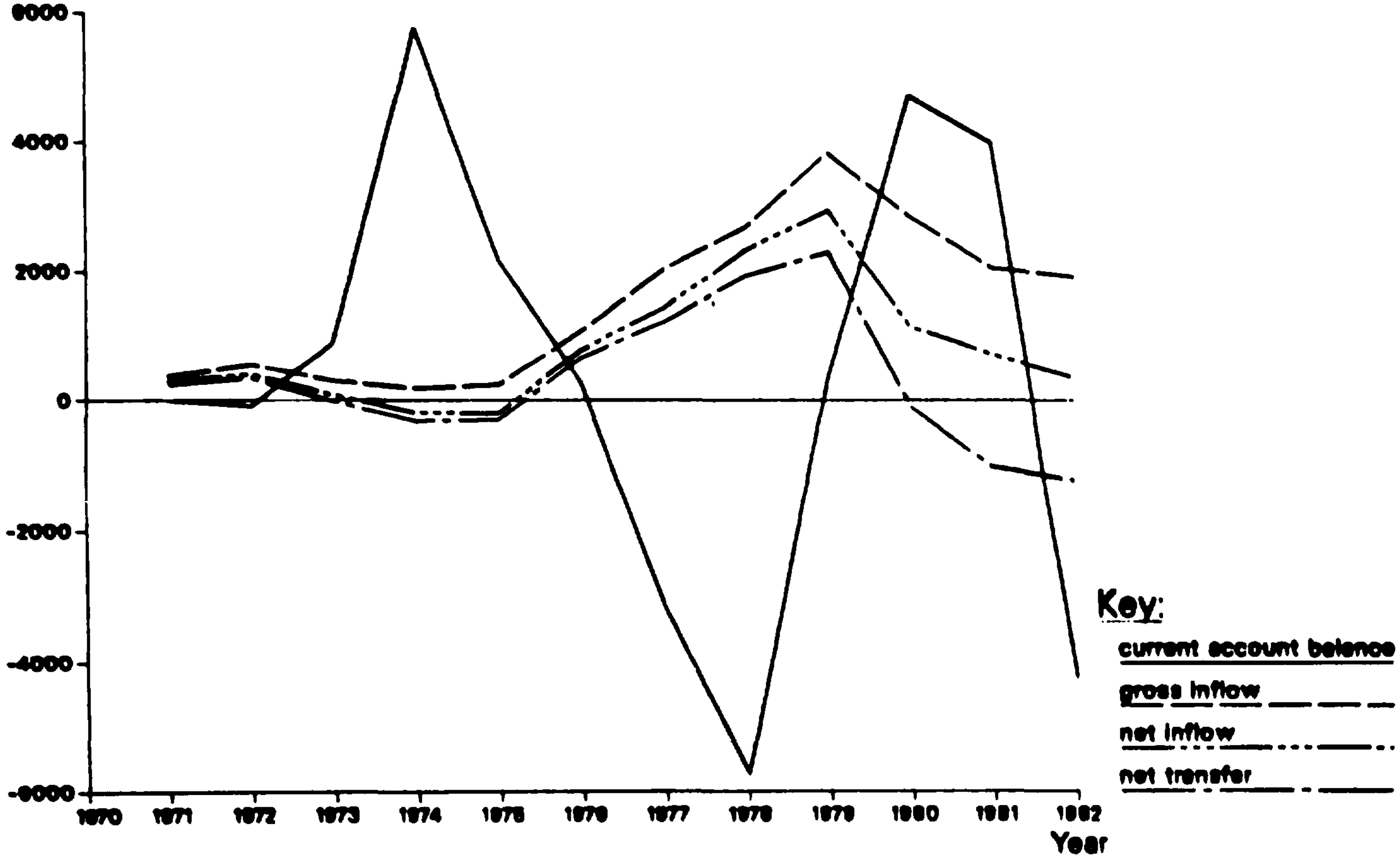
Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure XXII. Capital inflow and current account balances: Mexico.
(in millions of US dollars)



Sources: World Bank, Debt Tables, 1981, 1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.

Figure XXIII. Capital inflow and current account balances:
Venezuela.
(in millions of US dollars)



Sources: World Bank, Debt Tables, 1981,1983 and 1984; IMF, International Financial Statistics, Yearbook 1984 and January 1985.