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# THE INTERNATIONAL TRADE

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## 1. INTRODUCTION

Adjustment policies in industry in Sub-Sahara African have as objective the realignment of domestic production structures according to international relative comparative advantages. Exposure to external competition, and the elimination (or reduction) of distortions contribute, in principle, to an improvement in the allocation of resources. In the longer run, (after a transition period during which the economy restructures itself) this would lead to greater specialization, higher degree of efficiency, and stronger probability of export.

The expected results produced by the implementation of structural adjustment policies in industry are slow to manifest themselves. It would appear that all the economies that are undergoing structural adjustment programs are only at the stage of transition, and that the main signs of the "reallocation of the factors of production" in industry are those indicating the abandonment of a large number of productions without any new avenues in sight.

There are several reasons for this, the major ones being as follows: the first reason is that since the dawn of independence, African countries have amassed "wrong choices" with respect to industry. In opting to produce final goods for their domestic markets at very high levels of protection, the economies are condemned to very costly and slow adjustment processes. The second, concerns the nature of the manufacturers located in Africa; a large proportion of which have decided on their location, precisely, in order to bypass the trade barriers that have been implemented for the development of the local industry. The reduction or elimination of these barriers "takes them back to square one", and leads to a reevaluation of their scattered presence in Africa. They tend to rationalize their production capacities and to supply several markets starting from a more reduced number of production facilities. The third, relates to the management and the implementation of adjustment policies. These require at the time of their introduction: reaching a consensus (often absent, and rarely developed during the program design phase); implementation of a communication strategy that would be geared towards releasing the expected responses arising from the new incentive systems; a methodical and suitable sequence adapted to the particular situations of different countries; and political determination, coupled with institutional capabilities that are often lacking. The fourth, concerns the very nature of the structural adjustment process. In fact, adjustment programs contribute to the establishment of a new environment conducive to efficient investments; it is therefore up to the economic actors and mainly the private sector (agricultural and industrial) to extract the benefits from them. Now, it is precisely the private sectors that doubt the success of adjustment, have difficulty in detecting the opportunities, do not have access to information on the promising niches in the market, are not very familiar with the external industrial markets and the modes of penetration, are accustomed in several countries, to direct support from their governments, and have a "wait and see" attitude that contributes to reinforce their apprehensions (it is in this respect that it is sometimes believed that the private operators are the architects of their own failure "a self-fulfilling prophecy").

Moreover, the evolution of international markets challenges in several respects the validity of industrial adjustment policies as they are presently conceived. This evolution involves two groups of factors: on one hand, the institutional factors which express the trends in the industrial and trade policies in the developed countries that are potential recipients of exports from he developing countries; and on the other hand, the intrinsic actors that characterize changes in the modes of production and arketing in the developed economies.

In effect, at the institutional level, in spite of public statements with respect to trade liberalization, this does not appear as part of the agenda. The non-tariff barriers are growing as witnessed by the level of complaints recorded by the GATT. The bilateral agreements are increasing at the expense of multilateral ones. The free-trade zones (for example, Canada-United States) and the integration of Europe in 1992, are among the factors that instead of creating trade are liable to divert trade at the expense of non-member countries in these zones. Subsidies to external trade (or their pendency with respect to protection against imports) are increasingly becoming invisible, and are assuming the form of subsidies to regional development, research and development, as well as modernization, or those in support of employment in targeted sectors. At the same time, pressures for reducing protection and more generally, reducing subsidies in industrial development are growing in the developing countries.

Furthermore, the economic fabric in the developed countries is evolving and rendering market penetration more difficult. The degree of uncertainty is rising and the capacity to react is increasingly becoming a question of timing, of access to information, and of capacity to respond in a graded and suitable manner. Factors relating to quality, design, and service play a key role in the success of trade. At the same time, large enterprises are becoming fragmented and advantages of size (economies of scale and synergies) are being replaced by a system of "contractual agreements" between partners. The economic operators are increasingly inclined to place themselves at the international level which both increases competition, and exacerbates the necessity for the less developed countries to pinpoint sharp niches. The quest for greater competitiveness manifests itself through efforts to increase productivity. This is not limited to the amelioration of modes of production but rather spreads to all aspects of the operation of the enterprise, including trade. In this respect, the traditional sectors of the economy, notably, those that exist in the less developed countries, and those in which they are likely to acquire relative advantages (textile, clothing, leather, foods, automobile manufacturing, electronic products) become targeted by Western manufacturers (supported by their respective governments, among others, under pressures from the trade unions) who wish to preserve and increase their market share.

In this context, it is appropriate to review the concept of industrial adjustment policies in the developing countries as it is currently conceived. Without abandoning the objectives of adjustment, namely, quest for greater competitiveness and savings in mobilized public means (taking into consideration constraints in the financial resources that are more acutely felt in the less developed countries), a greater dialogue between different domestic actors becomes essential, and the search for institutional mechanisms enabling this strategic coordination becomes central in attaining a solution.

In effect, measures that are embodied in the structural adjustment programs for the stimulation of exports correspond to the elimination of implicit biases against exports. Direct measures for supporting exports are not included. Growth in sales abroad does not result from the pure and simple disappearance of measures that are implicity disincentive to exports; although this is a necessary condition, it is not a sufficient one. Industrial strategy must contain adequate and harmonious adjustment measures (seeking efficiency), as well as a clear vision of the ends and the means (namely institutional) for the development of the industry (seeking "effectiveness").

## 2. STRUCTURAL ADJUSTMENT AND INDUSTRIAL POLICY

Structural adjustment policies have as their objective the elimination of macroeconomic disequilibria and the reestablishment of internal and external equilibria. More particularly, they are designed to eliminate distortions, reinforce market mechanisms, and reintroduce efficiency rules in the management of the state apparatus in such a manner as to place the economy on a sound and a longer-term, self-sustained growth path.

### 2.1 Adjustment Program Measures

he measures that the structural adjustment programs embody aim o (i) reduce in the short run, the domestic demand for goods and ervices, (ii) allow the available factors of production in the economy to allocate themselves to activities according to efficiency rules by eliminating sources of distortion, so that the country may develop according to relative comparative advantages; (iii) increase the availability and the quality of physical capital, human capital, and financial capital that are necessary for growth; (iv) improve the national institutions, namely, by realigning and redefining the role of the state and its apparatus.

More precisely, industrial development will be affected by measures that (i) directly influence the costs of production and the revenues of the enterprises, (ii) define the general business climate, and (iii) demarcate the scope of manoeuvre for different actors on the national scene.

#### easures that directly influence the costs and the revenues

The first group of measures that are directly felt by the industrial operators includes: devaluation of the national currency, changes in custom tariffs and import/export regulations, modifications in the direct and indirect taxation system, and revision of the employment legislation and the system of prices.

Hence, devaluation, the central element for restoring equilibria, operates at several levels. On one hand, devaluation influences the quantity of goods (raw materials and finished products) that are imported and exported, and on the other hand, it produces strictly financial impacts. An assessment of the final effect on enterprises depends on the interaction of these two categories of phenomena. For example, it is generally recognized that devaluation increases the prices of imported raw materials which could at first, appear as negative to the firm. However, devaluation could lead to an increase in the revenues of the enterprise. In effect, if in the absence of devaluation the enterprises would be unable to procure sufficient supplies due to the limited amount of the available foreign currency, and would therefore be forced to resort to lower capacity utilization (hence, unable to satisfy the demand), they would absorb their fixed costs on the reduced volume sold. This foregone revenue of the firms is likely to disappear after devaluation.

More systematically, devaluation, in principle, increases the cost of the factors of production that continue to be imported; increases the price of the imported finished products that could become substitutes for domestic production; and reduces the price of exported commodities. Rationing through prices and the quantity of imported inputs allows businesses to obtain in addition to a better and regular supply (and consequently a more suitable planning of the production course), a normal threshold for the utilization of the installed capacity. The "volume" effect is felt in the countries that are located outside a monetary zone. The scope of the effects of devaluation will depend, on one hand, on the price elasticities of imports and exports, and on the other hand, on the extent of devaluation in relation to the relative domestic inflation rate. Moreover, devaluation will only be effective to the extent that it is passed onto the level of final consumers; if it is absorbed by intermediaries, which can be the case when it is beneficial to them, the effects of devaluation will be slight.

Devaluation can be obtained directly through modifications in the exchange rate or indirectly through a combination of a rise in custom tariffs on imported products, and the introduction of a premium on exported products. This indirect method that is in effect in the member countries of the monetary zones has the double disadvantage of being onerous in terms of administration, as well as being prone to fraud that generates distortions.

Custom tariffs are modified under diverse pressures. They could serve as a means to (i) introduce a real devaluation, (ii) harmonize effective protection rates and eliminate an important source of distortion in the economy, (iii) modulate the general level of protection, (iv) respond to the demands of budgetary constraints, and (v) respond to ad-hoc needs. Whatever the reasons may be, the economic operators are ultimately faced with a new level and structure of tariffs resulting from the interplay of these causal factors. In general, the existing businesses are affected negatively during a very limited time following the introduction of modifications to custom tariffs. Indeed, given that changes in the trade policy proceed with an analysis of inefficiencies in the existing resource allocation, adjustment program measures seek to modify the system of signals in order to tell the operators " you are not in the right sector, relocate to a different one (or remain where you are but improve your general productivity)," and to thus modif their behaviour. In effect, the first segment of the message ("you are not in the right sector") is received clearly, and it is with respect to this class of response on the part of operators that the effects of industrial adjustment programs are usually assessed. Nevertheless, industrial development also depends on the reaction towards the second part of the message "relocate to a different sector." The elimination of disincentives to export should either encourage the emergence of new internationally competitive activities (either directly exported, or marketed domestically while sustaining the competition in imports), or reinforce the profitability of the already efficient activities.

Direct and indirect taxation is modified as well in the framework of adjustment programs. Four main preoccupations govern changes in this sphere: (i) budgetary equilibrium (that places an upward pressure on public levies and on the improvement of the system of tax collection; that places a downward pressure on direct subsidies to businesses and cutbacks revenues allocated to private domestic consumption, in particular, when a large number of the civil servants are laid-off), (ii) elimination of distortions (that tend to make ad-hoc tax exemptions and tax reliefs disappear, and that as a rule homogenize claims on various economic activities), (iii) social policy (that places direct or indirect transfer obligations -i.e. education, health- on public spendings, and introduces escalation rules in the tax assessment of the economic agents), and (iv) economic growth policy (that orients choices in public spending towards the support sectors -i.e. physical infrastructures). Modifications in the taxation system produce immediate effects on the profitability of the firms either because they abide by the rules and pay the frequently increased levies, or because important segments of the tax base evade paying them (illegally) and create an imbalance in the otherwise sound competition that would have reigned.

Employment legislation is increasingly becoming a part of the economic policy dialogue in the framework of structural adjustment programs. The circumstances vary radically from one country to another. The present delay in introducing changes to the rules that govern the labour markets arise from the fact that in several countries this legislation is "enforced in a lax manner" (that is, it is often not enforced). Yet, due to the scope of the induced changes in the industrial sector, there has been a growing appeal to the employment legislation, and it has growingly become impossible to neglect reforms regarding this issue. In addition to the modifications in the conditions of minimum wages and fringe benefits, the main changes refer to modes of recruitment (subjugated to an obligatory revision by the state), dismissal conditions (often too costly), employers contribution (both expensive, and poorly managed), financing professional training, financing employment policies (that is, unemployment), as well as the legal status of apprenticeship.

Similarly, in this domain several small-sized firms operate in the informal sector which is expanding and competing with the modern industrial sectors.

As for the system of prices, the general rule is a return to market mechanisms and general flexibility. The prices of certain publicly produced goods and services which are governed by decree, experience semi-flexibility in the adjustment situation insofar as they are regularly revised upward so that their market value, and the economic and financial needs of the state ventures that produce them can be taken into account. The prices of certain goods that are judged as being essential (in the incomes of the agents who produce them or in the consumption basket of those who purchase them) are also sometimes fixed by the state, and are periodically readjusted in order to take account of the basic conditions of demand and supply. However, in several African countries price legislation does not refer to market mechanisms, and prices remain controlled directly or through mark-ups even if these countries are following the structural adjustment path. Finally, in several countries where price legislation has been relaxed, a system of price registration ("homologation") has been maintained which allows for an easy appeal to the public authority as soon as the firms begin to adjust their marketing conditions.

The need to adapt (that is, structural adjustment at the firm level) requires that firms control the principal variables upon which management decisions depend. Indeed, exchange rates, custom tariffs, import and export regulations, direct and indirect taxation, employment legislation, and the regulation of prices are as a rule outside the realm of the firm's responsibility. They are exogenous factors that the firm takes as given and internalizes them. On the other hand, the behaviour of the firm is governed by such factors as the prices and quantities of the inputs that it consumes, as well as the prices and quantities of the outputs that it produces and sells; i.e., factors that should be endogenous to the firm's decision-making processes.

Measures that influence the business climate

Structural adjustment programs often contain measures which explicitly aim to establish a favourable climate for the creation of private domestic and foreign investments. Various domestic investment codes that are devised in the framework of adjustment programs contribute to this objective. They indicate among others: the general advantages offered to all those who meet pre-established eligibility criteria; legal guarantees offered with respect to the circulation of capital and dividends; and when applicable, registration procedures. The principles that guide the elaboration of investment codes are similar to those which serve to reevaluate the elements of trade policy.

Measures that Define the Role of the Economic Agents

Structural adjustment programs are accompanied with explicit or implicit institutional solutions that assign the responsibilities and authorities of various economic agents. The most impressive aspect is the withdrawal of the state from direct productive activities. When public enterprises subsist, they operate in a relatively autonomous manner, for example, according to a program contract formula ("contrat plan"). More generally, situations of adjustment lead to the contraction of the state apparatus with an equally growing role of local governments, private enterprises, non-governmental organizations, and more precisely, community-based organizations. The state would continue to occupy the regulatory sphere, although this would diminish and the nature of the regulations would change. The relations between the economic agents, in particular, the state and the private industrial sector are not clearly defined in the adjustment programs. Namely, the degree, the type, and the substance of dialogue between the public authorities and private operators vary from one country to another without any evident general pattern.

## 2.2 Risks of Adjustment

Structural adjustment must contribute to placing the domestic economy on a sound and a self-sustained growth path in both the medium and the long runs. However, the outcomes and the processes of adjustment are not devoid of risks.

In the first place, the expected results from adjustment may not materialize, or may do so with extreme sluggishness. The degree of expansion in exports, and contraction in imports through depreciation may be limited due to the price elasticities of the foreign and domestic demands. In the latter case, the less frequent the substitute goods in the country, the lower the price elasticity would be, which is usually the case. Growth in the domestic supply may only manifest itself after a long period due to delays in developing new productive capacities. In addition, devaluation will be only effective if the relative prices of the imported goods rise; however, this would not be the case if domestic inflation increases the prices of all substitute goods.

Hence, the duration of the transitional phase may vary; the shorter it is, the weaker the pertaining social costs would be. To a certain extent, the more judicious and well-managed the devised adjustment program for the overall amelioration of economic efficiency pertains to be, the faster would the economy absorb the social costs of transition. Transparency during periods of adjustment allows all the economic managers to understand the modifications that are made to the regulations, the institutions, and more generally, the signals with which they are concerned. Thus, they will more rapidly adopt the behaviour that the adjustment program assumes, and at the same time will be able to unveil the real resistances to change earlier.

Even more seriously is the chance taken on the positive supply response. Measures that are introduced in order to ameliorate the conditions of productivity, those that are propitious to improvements in efficient allocation, and those that stimulate the long term supply, may not succeed.

During the transitional phase the economic agents can be influenced via:

(i) loss of employment and thus, income;

(ii) a resulting loss in the purchasing power, on one hand, due to price liberalization of certain commodities, and on the other hand, as a result of a general increase in prices (inflation) that traditionally accompanies adjustment programs.

(iii) liberal income policies that attempt to maintain (or to restore) the competitiveness of the domestic economy and that result in keeping incomes (especially in the market economy) close to their pre-adjustment level (or if they were to increase, they would at a lower rate than the rise in prices).

(iv) contraction of the supply of goods and services that are essentially distributed by the state; particularly, in the areas of health services, education, and training.

In the longer run, the risks are just as important:

(i) first, economic agents who are excluded from the process of accumulation; notably, during the phase of the development of human capital, will be placed at the margin of the benefits of growth without having participated in it;

(ii) furthermore, the expected growth through adjustment does not by definition, include all the sectors of activity that were present during the pre-adjustment period. On the contrary, certain sectors will be abandoned, and others will be developed. Those factors of production that would be displaced in order to find their productive niche can <u>firstly</u>, fail to realize immediately their future interest and therefore, do not reallocate; <u>secondly</u>, even if they acknowledge the necessity to reallocate, they may not know how to do so; and <u>thirdly</u>, they may not possess the means to reallocate. This triple constraint concerns all the factors of production, but affects more acutely "labour";

(iii) in addition, certain portions of the economy are unable to react properly to the conditions and the favourable climate that structural adjustment promotes due to imperfections in their specific markets;

(iv) more precisely, although structural adjustment may be geared towards growth, it can neglect certain segments of the economy that without being a central part of the economic engine are nevertheless important for certain layers of the population. Unattended to, these economic sectors are likely to remain undeveloped, or to develop at a slow pace. Thus, the unequal growth resulting from adjustment can translate itself into stagnation and an increased impoverishment of certain sectors of the economy that is not, in principle, required by adjustment;

·) finally, the original endowment (namely, of productive ,sests) of the economic agents is such that it is not possible › conceive of an egalitarian participation of all the economic ʒents in growth; on the contrary, those who are less privileged (the poor or the very poor) necessarily, participate to a lesser extent.

## 3. EVOLUTION OF EXPORTS IN THE AFRICAN COUNTRIES[1]

Given the important transformations that have taken place in the international economic context during the past decade, the analysis of Africa's exports, by types and destination, yields an assessment of the continent's industrial position. It appears that in the overall:

(i) the industrial exports of the African countries are presently occupying a less important place in the international trade than they did a decade ago (hit by the economic crisis in the beginning of the 1980s, they are reassuming their position in the international trade sluggishly);

.) this weakened position is especially manifested through a ·ong diminution of the value of exports of "fuels and ıerals;"

.i) indeed, the fall in the total value of other exports emi-finished and manufactured products) is more moderate and is ;sentially affected by movements in prices and the exchange rates;

(iv) the value of exports, other than "fuels and minerals", particularly "agro-industrial" exports, to the countries in the South, unlike exports to the industrialized countries, has even risen towards "Central and South" America in addition to "other" dustrial exports to the Middle Eastern countries, Africa self, and the OPEC countries;

however, Europe remains the major external market for the rican countries (56.6% of the industrial exports, other than fuels and minerals"). The other industrial market economies represent a significant portion of these exports as well (15.4%). However, the intra-African market as a whole, and exports towards other countries in the South absorb only 23.7% of the total industrial exports, excluding "fuels and minerals".

Most of the data on exports that is examined in this paper is in current US dollars. In this way, the effects of "volume", "prices", and "exchange rates" are covered all at the same time. The data presents a realistic viewpoint of the position of the African countries in the international trade even if from a urely domestic point it does not signal the growth of purchasing ower in exports.

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[1] with the exception of South Africa

## 3.1 Evolution of Total Industrial Exports

Between 1980 and 1983, the value of industrial and total exports (current US dollars) of the African countries diminished considerably (-36.3% and -36.1% respectively). This fall in the value of exports experienced a partial recovery, with -2.8% for the industrial exports between 1983 and 1985. This relative recovery reflects in particular, value changes (prices and exchange rates); at the same time, between 1981 and 1983 (and in 1987) the African countries experienced indeed, a reduction in the volume of their exports. For the Sub-Saharan African countries, reduction in the volume of exports was only experienced in 1981.

Following the 1981 shock, and until 1984, total exports (in terms of value) of the African countries expanded at relatively the same pace as those of the industrialized countries. However, since then, the growth of exports in the African countries has significantly lagged behind that of the industrialized and the developing countries as a whole: after having undergone the same contraction as in international trade, Africa was not able to benefit significantly from its reanimation (see Table 5).

## 3.2 The Structure and Evolution of Industrial Exports in African Countries According to Destination:

Industrial exports, as total exports of African countries, are essentially destined towards industrial market economies (81.2% of industrial exports and 79.9% of total exports in 1983). The developing countries with market economies represent the other main outlets (14.4% of the industrial and total exports in 1985). Countries with centrally-planned economies cover only a small portion of exports (4.2% for the industrial products and 4.4% for the total exports in 1985). Between 1980 and 1985, the structure of total and industrial exports with respect to these "general" destinations was not significantly modified. Nevertheless, important changes were produced inside this group of countries.

Exports to industrial market economies are concentrated towards Europe. This orientation was reinforced between 1980 and 1985, with the share of the industrial exports to Europe growing from 57.6% in 1980, to 80.8% in 1985. In fact, this increase appears to be largely the result of monetary phenomena to the extent that it corresponds to a decrease in the same proportion, of the share of exports to the United States. The United States represent the second important market among the countries with industrial market economies (14.7% in 1985). The other countries of this group represent less than 5% of the industrial exports of Africa; among these Canada and Japan receive 0.9% and 1.9% respectively in 1985.

Among the less developed countries with market economies, Central and South America, and the "African" zone itself constitute the principal outlets for the African industrial products (32.7% and 32.4% respectively in 1985). Between 1980 and 1985, the relative importance of the "African" outlets increased at the detriment of the "American" zone (from 23.1% to 32.4% for the industrial exports). Asia represents approximately one-fourth of the African exports that are destined to the developing countries.

The East European countries, and the USSR absorb over 9/10 of the exports that are destined to countries with centrally-planned economies. Although these countries receive only a modest share of the African exports, they received a growing share of the exports between 1980 and 1985 (from 2.7% to 4.2% of the total industrial exports). During this five-year period, the USSR became a less important destination among the "Eastern countries" (from 31.1% to 23.4% for the industrial exports).

## 3.3 The Structure and Evolution of Industrial Exports According to Categories:

The industrial products represent over 9/10 of African exports. However, the majority of these exports include products that have undergone little processing. "Fuels and minerals" cover 75% of the industrial exports. The remaining, which consist mainly of "agro-industrial" products (16.3% in 1985) and "other manufactured products" (clothing, textile, transport materials, finished products in metal...) cover only a small share of the total industrial exports (8.8% in 1985). The total share of the value of total exports, other than "fuels and minerals," increased from 19.2% in 1980, to 25.1% in 1985. This growth is nonetheless, due to the strong decline in the value of exports in "fuels and minerals." The share of other export products decreased by 19% between 1980 and 1985 (primarily due to "price" phenomena).

### "Fuels and Minerals"

Europe constitutes the principal export zone for the African industries regardless of the general category of products. This economic zone, similar to the importing countries in America as a whole (North, Central, South), receives over 3/4 of its African imports in the category of "fuels and minerals", and it represents nearly 7/10 of the African exports of these products (68.6% in 1985). However, the European zone also absorbs nearly 6/10 of the African exports in "agro-industrial" products (56.9%) and "other" industrial products including namely, various manufactured products (textile and clothing), transport materials, and chemical products (56.2%). After Europe (68.6%), North America (essentially the United States) constitutes the second important outlet for the African exports of "fuels and minerals" (14.2%), followed by Central and South America (5.4%), and the East European countries (3%) respectively. In total, the industrial market economies cover over 4/5 of the African exports in "fuels and minerals".

"The Agro-industrial Products"

Among the countries with industrial market economies, Japan, Australia, New Zealand, and South Africa import mainly agro-industrial products from Africa; at the same time, these four countries absorb less than 10% of the overall agro-industrial exports of Africa. In this case as well, Europe constitutes the principal export market for Africa (56.9% in 1985). Among the industrialized countries, the United States represent the second major outlet (7.4%), followed by Japan (4.8%).

Although the value of the "agro-industrial" exports towards the industrialized countries dropped by 22% between 1980 and 1985, it increased by 25.3% for other countries with industrial market economies. This growth has been in the first place, the result of "external" sales rather than the development of the intra-African trade. Increases in the value of exports to America (Central and South) are responsible for over one-half of this growth, and exports to the Asian countries (excluding the Middle East) are responsible for one-third. At the same time, although the other zones in the South constitute a growing market for the African agro-processing products, they still represented less than 20% of the total value of exports in 1985.

"Other Industrial Products"

The structure and growth of exports of the other industrial products are relatively similar to those of agro-industrial exports. Europe is the primary importing zone (56.2% in 1985); between 1980 and 1985, the value of its imports were reduced in the same proportion as that of the countries with industrial market economies as a group (approximately 25%). On the other hand, the value of exports towards the countries "in the South" advanced strongly (+45.1%). Approximately 4/10 of the increase in exports can be explained in terms of the growth in imports of the Middle Eastern countries, and for the remaining in equal shares (30%), in terms of a rise in intra-African exports as well as those destined to the other OPEC countries. The industrial exports, other than "fuels and minerals" and "agro-industries," are finding an important outlet (31.4%) in the countries in the South.

TABLE 1

VALUE OF INDUSTRIAL EXPORTS IN AFRICA ACCORDING TO DESTINATION (1)
(In million of U.S. current dollars)

| CATEGORIES/ DESTINATIONS (1) | 1980 Agro-Industries (3) | 1980 Fuels and Minerals | 1980 Others (3) | TOTAL INDUSTRY | TOTAL EXPORT | 1983 Agro-Indust. | 1983 Fuels and Minerals | 1983 Others | TOTAL INDUSTRY | TOTAL EXPORT | 1985 Agro-Indust. | 1985 Fuels and Minerals | 1985 Others | TOTAL INDUSTRY | TOTAL EXPORT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| World | 10,886 | 71,770 | 6,106 | 88,760 | 94,942 | 8,880 | 41,030 | 6,520 | 56,557 | 60,714 | 8,040 | 41,207 | 4,827 | 54,083 | 59,446 |
| Market Economy | | | | | | | | | | | | | | | |
| Developed Countries | 8,166 | 61,604 | 4,686 | 74,464 | 79,360 | 7,036 | 36,276 | 3,604 | 46,907 | 49,002 | 6,370 | 34,731 | 3,553 | 44,660 | 47,507 |
| Europe | 6,600 | 32,772 | 3,640 | 42,012 | 47,001 | 5,290 | 26,340 | 2,626 | 33,266 | 36,761 | 5,086 | 30,274 | 2,713 | 38,075 | 38,421 |
| E.E.C. | 5,763 | 27,346 | 3,411 | 37,119 | 40,626 | 4,530 | 21,602 | 2,418 | 26,750 | 30,787 | 4,407 | 22,270 | 2,520 | 30,206 | 32,101 |
| E.F.T.A. | 340 | 2,068 | 107 | 2,515 | 2,720 | 436 | 1,236 | 101 | 1,772 | 1,904 | 360 | 1,630 | 87 | 1,979 | 2,111 |
| South Africa | 120 | 0 | 142 | 265 | 302 | 98 | 0 | 97 | 196 | 297 | 141 | 1 | 94 | 236 | 302 |
| Canada | 33 | 80 | 13 | 126 | 160 | 39 | 300 | 17 | 356 | 360 | 30 | 377 | 13 | 410 | 440 |
| United States | 1,636 | 27,670 | 473 | 29,101 | 29,516 | 902 | 8,843 | 617 | 10,362 | 10,642 | 650 | 5,480 | 466 | 6,607 | 6,967 |
| Japan | 404 | 972 | 347 | 1,723 | 1,906 | 631 | 401 | 362 | 1,294 | 1,447 | 431 | 145 | 256 | 832 | 946 |
| Austr. & N-Z. | 65 | 0 | 2 | 67 | 72 | 76 | 0 | 3 | 78 | 81 | 30 | 13 | 2 | 40 | 50 |
| Market Economy | | | | | | | | | | | | | | | |
| Developing Countries | 1,398 | 8,776 | 1,044 | 11,216 | 11,907 | 1,760 | 3,662 | 1,543 | 6,964 | 7,740 | 1,744 | 4,686 | 1,516 | 7,930 | 8,650 |
| O.P.E.C. | 576 | 47 | 200 | 823 | 1,003 | 468 | 33 | 332 | 833 | 1,040 | 404 | 60 | 560 | 834 | 1,019 |
| Africa | 762 | 1,210 | 616 | 2,588 | 2,970 | 696 | 708 | 672 | 2,076 | 2,400 | 802 | 890 | 767 | 2,566 | 2,871 |
| America | 64 | 5,630 | 66 | 5,660 | 6,096 | 343 | 2,180 | 118 | 2,640 | 2,794 | 280 | 2,243 | 66 | 2,601 | 2,722 |
| L.A.F.T.A. | | 1,321 | 44 | 1,360 | 1,476 | 21 | 1,027 | 36 | 1,083 | 1,164 | 21 | 1,194 | 14 | 1,229 | 1,310 |
| Asia | 540 | 1,730 | 362 | 2,642 | 2,931 | 746 | 765 | 753 | 2,264 | 2,666 | 620 | 662 | 640 | 1,912 | 2,132 |
| Middle East | 306 | 1,190 | 116 | 1,611 | 1,801 | 365 | 622 | 300 | 1,266 | 1,436 | 247 | 518 | 306 | 1,073 | 1,173 |
| Others | 254 | 531 | 246 | 1,031 | 1,130 | 381 | 133 | 464 | 966 | 1,110 | 373 | 134 | 332 | 839 | 960 |
| Oceania | 0 | 0 | 0 | 0 | 1 | 2 | 0 | 0 | 2 | 2 | 1 | 0 | 0 | 1 | 1 |
| Centrally-Plan. Eco. | 1,216 | 880 | 270 | 2,414 | 2,783 | 1,091 | 1,616 | 300 | 3,007 | 3,306 | 760 | 1,214 | 386 | 2,360 | 2,619 |
| Asia | 251 | 0 | 64 | 306 | 333 | 122 | 0 | 93 | 216 | 242 | 73 | 0 | 86 | 160 | 187 |
| Europe & USSR | 964 | 880 | 266 | 2,110 | 2,460 | 970 | 1,616 | 206 | 2,792 | 3,060 | 718 | 1,214 | 240 | 2,169 | 2,430 |
| USSR | 406 | 0 | 160 | 666 | 733 | 650 | 0 | 144 | 694 | 803 | 364 | 0 | 158 | 607 | 664 |

(1) excluding South Africa.
(2) totals for "World" and according to the economic system including exports to destinations that could exports to destinations that could not be firmly identified.
(3) Includes "Beverages, foods and tobacco", "Textile fibres", "Oils and animal or vegetable fats", minus "Cereals".
(4) Includes "Chemical products", "Divers manufactured items", and "Machines and transport materials".
Source: Statistics Yearbook on International Trade U.N.O., 1980, 1983, 1984, et 1986.

TABLE 2: VARIATION (%) OF INDUSTRIAL EXPORTS IN AFRICA BY CATEGORY AND DESTINATION
(In millions of current U.S. dollars) F.O.B.

| CATEGORIES/ DESTINATION | 1980–83 | | | | | 1983–86 | | | | | 1980–86 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Agro-Industry | Fuels and Minerals | Others | TOTAL INDUSTRY | TOTAL EXPORT | Agro-Indust. | Fuels and Minerals | Others | TOTAL INDUSTRY | TOTAL EXPORT | Agro-Indust. | Fuels and Minerals | Others | TOTAL INDUSTRY | TOTAL EXPORT |
| World | -8.4% | -42.8% | -8.5% | -36.3% | -36.1% | -10.4% | 0.4% | -12.7% | -2.8% | -2.1% | -17.8% | -42.8% | -38.8% | -36.1% | -37.4% |
| Market Economy | | | | | | | | | | | | | | | |
| Developed Countries | -13.6% | -42.6% | -21.0% | -36.3% | -36.3% | -0.4% | -1.6% | -2.0% | -2.8% | -3.1% | -21.0% | -43.7% | -33.8% | -40.0% | -40.1% |
| Europe | -16.0% | -38.7% | -27.0% | -22.6% | -24.1% | -3.8% | 11.0% | 3.4% | 8.6% | 7.6% | -21.7% | -18.7% | -36.6% | -15.8% | -18.4% |
| E.E.C. | -21.3% | -38.0% | -30.1% | -22.6% | -24.2% | -1.1% | 8.8% | 4.2% | 5.3% | 4.5% | -22.1% | -18.7% | -30.1% | -18.4% | -20.8% |
| E.F.T.A. | 26.0% | -46.1% | -4.0% | -20.6% | -30.2% | -18.3% | 24.4% | -13.0% | 11.7% | 10.0% | 2.0% | -86.6% | -18.7% | -21.8% | -22.0% |
| South Africa | -30.3% | - | -31.7% | -26.4% | -6.0% | 43.0% | - | -3.1% | 21.0% | 6.2% | 14.0% | - | -35.6% | -10.0% | 0.0% |
| Canada | 60.0% | 207.1% | 30.8% | 104.8% | 111.1% | -33.3% | 26.7% | -23.6% | 16.0% | 16.0% | 13.0% | 323.0% | 0.0% | 332.0% | 144.4% |
| United States | -13.2% | -66.1% | 30.4% | -64.6% | -63.0% | -30.0% | -36.3% | -34.1% | -34.4% | -36.6% | -66.0% | -80.3% | -1.1% | -77.4% | -76.7% |
| Japan | 66.5% | -66.7% | -27.4% | -26.6% | -27.0% | -31.7% | -43.6% | 1.0% | -36.2% | -34.0% | 6.7% | -66.1% | -36.2% | -61.7% | -62.7% |
| Australia & N-Z. | 16.4% | - | 66.0% | 16.4% | 12.6% | -46.0% | - | -33.3% | -30.6% | -27.2% | -40.2% | - | 0.0% | -36.4% | -10.1% |
| Market Economy | | | | | | | | | | | | | | | |
| Developing Countries | 28.2% | -66.4% | 47.8% | -37.7% | -36.4% | -2.2% | 27.7% | -1.8% | 13.6% | 11.0% | 28.2% | -40.0% | 44.1% | -30.3% | -37.0% |
| O.P.E.C. | -18.6% | -30.8% | 62.0% | 1.2% | 4.0% | -13.7% | 142.4% | 8.4% | 0.1% | -2.0% | -30.0% | 70.2% | 76.0% | 1.3% | 1.0% |
| Africa | -7.2% | -41.0% | 8.3% | -10.0% | -10.0% | 14.0% | 41.1% | 14.1% | 23.0% | 18.2% | 6.0% | -10.0% | 24.7% | -0.7% | -8.3% |
| Americas | 300.3% | -62.6% | 78.6% | -66.7% | -64.3% | -10.4% | 2.6% | -42.4% | -2.2% | -2.2% | 326.3% | -61.6% | 3.0% | -66.7% | -66.3% |
| L.A.F.T.A. | 46.0% | -32.3% | -20.0% | -21.6% | -21.6% | 0.0% | 16.3% | -60.0% | 13.6% | 13.6% | 40.0% | -0.0% | -60.2% | -10.0% | -11.2% |
| Asia | 32.2% | -66.1% | 100.0% | -14.7% | -12.0% | -16.0% | -13.0% | -15.0% | -15.2% | -16.0% | 10.7% | -62.1% | 78.6% | -27.0% | -27.3% |
| Middle East | 18.3% | -47.7% | 131.0% | -22.0% | -30.3% | -32.3% | -16.7% | 14.6% | -14.0% | -10.4% | -10.8% | -66.4% | 166.6% | -36.4% | -34.0% |
| Others | 60.0% | -76.0% | 66.7% | -3.2% | -1.0% | -2.1% | 0.3% | -31.4% | -15.0% | -14.2% | 46.0% | -74.6% | 86.0% | -16.0% | -16.0% |
| Oceania | - | - | - | - | 100.0% | -60.0% | - | - | -60.0% | -60.0% | - | - | - | - | 0.0% |
| Centrally-Plan. Eco. | -16.2% | 76.7% | 7.6% | 24.0% | 18.6% | -27.7% | -24.0% | 0.3% | -32.0% | -30.1% | -36.1% | 32.0% | 16.6% | -0.0% | -4.0% |
| Asia | -61.4% | - | 72.2% | -30.6% | -27.3% | -40.2% | - | -0.8% | -36.6% | -22.7% | -70.0% | - | 67.4% | -40.2% | -48.0% |
| Europe with USSR | 0.0% | 76.7% | -2.0% | 32.3% | 26.0% | -36.3% | -24.0% | 10.6% | -22.3% | -30.6% | -28.0% | 32.0% | 0.2% | 2.0% | -0.7% |
| USSR | 11.1% | - | -10.0% | 0.6% | 0.6% | -36.0% | - | 0.3% | -26.0% | -27.3% | -30.6% | - | -4.4% | -32.0% | -30.0% |

# TABLE 3: THE BREAKDOWN OF INDUSTRIAL EXPORTS IN DEVELOPING AFRICAN COUNTRIES ACCORDING TO DESTINATION

| CATEGORIES/ DESTINATION (1) | 1980 | | | | | 1983 | | | | | 1985 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Agro-Industries | Fuels and Minerals | Others | TOTAL INDUSTRY | TOTAL EXPORT | Agro-Indust. | Fuels and Minerals | Others | TOTAL INDUSTRY | TOTAL EXPORT | Agro-Indust. | Fuels and Minerals | Others | TOTAL INDUSTRY | TOTAL EXPORT |
| World | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Market Economy | | 86.0% | 75.7% | 83.0% | 83.6% | 70.6% | 86.0% | 66.0% | 81.2% | 80.7% | 71.3% | 84.3% | 73.0% | 81.2% | 79.9% |
| Developed Countries | 74.0% | | | | | | | | | | | | | | |
| Europe | 78.0% | 63.1% | 78.7% | 87.0% | 88.3% | 76.2% | 71.8% | 72.4% | 72.4% | 73.0% | 78.8% | 81.4% | 78.4% | 80.8% | 80.9% |
| E.E.C. | 68.7% | 86.3% | 83.7% | 88.5% | 88.3% | 66.8% | 86.0% | 82.1% | 88.5% | 88.1% | 68.2% | 82.3% | 88.9% | 84.0% | 83.7% |
| E.F.T.A. | 5.3% | 6.3% | 2.0% | 5.0% | 5.8% | 6.2% | 4.9% | 3.8% | 5.3% | 5.3% | 7.0% | 6.4% | 3.2% | 5.6% | 5.6% |
| South Africa | 1.6% | 0.0% | 3.1% | 0.4% | 0.4% | 1.4% | 0.0% | 2.7% | 0.4% | 0.8% | 2.2% | 0.0% | 2.0% | 0.6% | 0.6% |
| Canada | 0.3% | 0.1% | 0.3% | 0.2% | 0.2% | 0.6% | 0.0% | 0.6% | 0.8% | 0.8% | 0.4% | 1.1% | 0.4% | 0.9% | 0.9% |
| United States | 12.7% | 44.0% | 10.2% | 38.2% | 37.3% | 12.8% | 26.1% | 17.0% | 22.0% | 21.7% | 10.3% | 16.7% | 13.2% | 14.7% | 14.6% |
| Japan | 4.0% | 1.0% | 7.6% | 2.3% | 2.6% | 9.0% | 1.1% | 7.0% | 2.8% | 3.0% | 6.8% | 0.4% | 7.2% | 1.0% | 2.0% |
| Austr. and N-Z. | 0.8% | 0.0% | 0.0% | 0.1% | 0.1% | 1.1% | 0.0% | 0.1% | 0.2% | 0.2% | 0.6% | 0.0% | 0.1% | 0.1% | 0.1% |
| Market Economy | | 12.2% | 17.1% | 12.8% | 12.0% | 17.0% | 8.0% | 27.0% | 12.3% | 12.8% | 18.6% | 11.8% | 31.4% | 14.4% | 14.6% |
| Developing Countries | 12.8% | | | | | | | | | | | | | | |
| O.P.E.C. | 41.3% | 6.6% | 19.2% | 7.3% | 8.4% | 30.2% | 0.9% | 21.6% | 11.9% | 13.6% | 23.1% | 1.7% | 23.1% | 10.6% | 11.8% |
| Africa | 53.0% | 13.0% | 68.0% | 23.1% | 24.8% | 30.0% | 10.4% | 43.0% | 20.8% | 31.1% | 45.9% | 21.4% | 60.0% | 32.4% | 30.2% |
| America | 6.0% | 68.4% | 6.3% | 63.3% | 50.8% | 18.2% | 50.9% | 7.0% | 37.9% | 36.9% | 18.0% | 46.1% | 4.6% | 32.7% | 31.6% |
| L.A.F.T.A. | 17.0% | 22.7% | 68.7% | 23.1% | 24.2% | 6.1% | 46.0% | 20.7% | 40.0% | 41.[illegible] | 7.5% | 63.2% | 20.6% | 47.4% | 48.1% |
| Asia | 40.1% | 10.0% | 34.7% | 23.6% | 24.4% | 41.7% | 30.7% | 48.6% | 32.3% | 33.0% | 36.4% | 14.0% | 42.2% | 34.1% | 34.8% |
| Middle East | 64.0% | 68.1% | 32.0% | 61.0% | 61.4% | 46.9% | 82.4% | 36.7% | 65.7% | 66.2% | 58.8% | 79.4% | 46.1% | 56.1% | 56.0% |
| Others | 46.4% | 30.0% | 68.0% | 30.0% | 38.0% | 61.1% | 17.0% | 64.9% | 44.3% | 43.8% | 60.2% | 20.0% | 61.9% | 46.9% | 46.0% |
| Oceania- | - | - | - | - | 0.0% | 0.1% | - | - | - | 0.0% | 0.1% | - | - | - | 0.0% |
| Centrally-plan. Econ. | 11.1% | 1.3% | 4.0% | 2.7% | 2.0% | 10.9% | 3.9% | 6.4% | 6.3% | 6.4% | 8.8% | 2.0% | 6.7% | 4.2% | 4.4% |
| Asia | 28.7% | 0.0% | 18.4% | 12.0% | 12.0% | 11.2% | 0.0% | 31.0% | 7.1% | 7.3% | 0.3% | 0.0% | 26.2% | 6.6% | 7.1% |
| Europe with USSR | 70.3% | 100.0% | 81.0% | 87.4% | 88.0% | 88.9% | 100.0% | 86.7% | 92.9% | 92.7% | 90.0% | 100.0% | 73.8% | 93.2% | 92.9% |
| USSR | 61.3% | 0.0% | 78.8% | 31.0% | 20.9% | 56.7% | 0.0% | 60.9% | 24.9% | 26.2% | 40.5% | 0.0% | 63.8% | 23.4% | 24.9% |

(1) For a given destination, the percentage indicated is calculated relative to the total export of the whole geographic area.

TABLE 4: STRUCTURE OF INDUSTRIAL EXPORTS AND SHARE OF INDUSTRY IN TOTAL EXPORTS IN AFRICA ACCORDING TO DESTINATION

| CATEGORIES/ DESTINATION | 1980 | | | | | 1983 | | | | | 1985 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Agro-Industries | Fuels and Minerals | Others | TOTAL INDUSTRY | INDUSTR. / TOT. EXP. | Agro-Indust. | Fuels and Minerals | Others | TOTAL INDUSTRY | INDUSTR. / TOT. EXP. | Agro-Indust. | Fuels and Minerals | Others | TOTAL INDUSTRY | INDUSTR. / TOT. EXP. |
| World | 12.3% | 80.8% | 6.9% | 100.0% | 93.5% | 17.7% | 72.6% | 9.6% | 100.0% | 93.2% | 16.3% | 74.9% | 8.8% | 100.0% | 92.6% |
| Market Economy | | | | | | | | | | | | | | | |
| Developed Countries | 11.0% | 82.8% | 6.2% | 100.0% | 93.9% | 15.3% | 76.8% | 7.9% | 100.0% | 93.7% | 14.3% | 77.6% | 8.1% | 100.0% | 94.0% |
| Europe | 15.1 | 78.4% | 6.5% | 100.0% | 91.1% | 15.8% | 76.2% | 7.9% | 100.0% | 93.9% | 14.1% | 78.4% | 7.5% | 100.0% | 95.5% |
| E.E.C. | 16.5% | 75.3% | 8.2% | 100.0% | 91.4% | 15.8% | 75.8% | 8.4% | 100.0% | 93.4% | 14.8% | 76.9% | 8.3% | 100.0% | 94.2% |
| E.F.T.A. | 13.8% | 82.0% | 4.3% | 100.0% | 92.3% | 24.6% | 69.7% | 5.7% | 100.0% | 93.1% | 18.0% | 77.6% | 4.4% | 100.0% | 98.7% |
| South Africa | 46.4% | 0.0% | 53.6% | 100.0% | 87.7% | 59.3% | 0.0% | 40.7% | 100.0% | 97.9% | 60.7% | 0.4% | 38.9% | 100.0% | 78.1% |
| Canada | 18.4% | 71.2% | 10.4% | 100.0% | 99.4% | 11.0% | 84.3% | 4.6% | 100.0% | 93.7% | 6.9% | 90.0% | 3.1% | 100.0% | 94.6% |
| United States | 3.6% | 94.8% | 1.6% | 100.0% | 96.0% | 0.7% | 93.3% | 6.0% | 100.0% | 97.4% | 10.9% | 82.0% | 7.1% | 100.0% | 96.0% |
| Japan. | 23.4% | 56.4% | 20.1% | 100.0% | 96.2% | 49.1% | 31.2% | 19.6% | 100.0% | 98.7% | 51.8% | 17.4% | 30.8% | 100.0% | 97.9% |
| Austr. and N-Z. | 97.0% | 0.0% | 3.0% | 100.0% | 93.1% | 96.2% | 0.0% | 3.8% | 100.0% | 96.3% | 68.8% | 27.1% | 4.2% | 100.0% | 81.4% |
| Market Economy | | | | | | | | | | | | | | | |
| Developing Countries | 12.4% | 79.2% | 8.3% | 100.0% | 93.6% | 25.6% | 52.3% | 22.1% | 100.0% | 90.1% | 22.1% | 67.8% | 10.1% | 100.0% | 91.7% |
| O.P.E.C. | 70.0% | 5.7% | 24.3% | 100.0% | 82.1% | 66.0% | 4.0% | 30.0% | 100.0% | 79.4% | 48.4% | 9.6% | 42.0% | 100.0% | 81.8% |
| Africa | 29.1% | 47.1% | 23.8% | 100.0% | 87.1% | 33.6% | 34.1% | 32.3% | 100.0% | 96.3% | 31.2% | 39.0% | 29.8% | 100.0% | 90.4% |
| America | 1.4% | 97.5% | 1.1% | 100.0% | 98.1% | 12.8% | 82.6% | 4.6% | 100.0% | 96.2% | 10.8% | 87.2% | 2.0% | 100.0% | 96.2% |
| L.A.F.T.A. | 1.1% | 95.7% | 3.2% | 100.0% | 93.6% | 1.9% | 94.8% | 3.2% | 100.0% | 93.8% | 1.7% | 97.2% | 1.1% | 100.0% | 98.6% |
| Asia | 21.2% | 65.1% | 13.7% | 100.0% | 90.1% | 33.1% | 33.6% | 33.4% | 100.0% | 96.2% | 26.4% | 34.1% | 39.5% | 100.0% | 90.7% |
| Middle East | 19.0% | 73.8% | 7.2% | 100.0% | 96.6% | 30.1% | 48.5% | 21.4% | 100.0% | 97.6% | 30.0% | 40.3% | 29.7% | 100.0% | 91.6% |
| Others | 24.6% | 51.6% | 23.8% | 100.0% | 91.2% | 38.2% | 13.3% | 48.5% | 100.0% | 90.2% | 44.6% | 16.0% | 39.4% | 100.0% | 87.4% |
| Oceania | | | | | | | | | | | | | | | |
| Centrally-plan. Econ. | 60.3% | 28.1% | 11.6% | 100.0% | 96.7% | 26.3% | 63.7% | 10.0% | 100.0% | 91.0% | 23.9% | 62.1% | 14.0% | 100.0% | 96.0% |
| Asia | 82.3% | 0.0% | 17.7% | 100.0% | 91.0% | 56.7% | 0.0% | 43.3% | 100.0% | 90.6% | 46.2% | 0.0% | 53.8% | 100.0% | 94.6% |
| Europe with USSR | 46.7% | 43.0% | 10.7% | 100.0% | 96.1% | 34.7% | 57.9% | 7.4% | 100.0% | 91.2% | 30.9% | 58.0% | 11.1% | 100.0% | 90.1% |
| USSR | 75.6% | 0.0% | 24.4% | 100.0% | 89.4% | 79.3% | 0.0% | 20.7% | 100.0% | 96.4% | 69.5% | 0.0% | 30.5% | 100.0% | 96.9% |

TABLE 5

EVOLUTION OF EXPORTS - 1971-1988 - RATES OF GROWTH

| | Average Growth 1971-1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 |
|---|---|---|---|---|---|---|---|---|---|
| World | | | | | | | | | |
| value | | | | | | | | | |
| volume | 6.7 | 1.2 | -2.0 | 2.7 | 8.8 | 3.1 | 4.4 | 6.1 | 9.3 |
| unit value | 13.6 | -1.5 | -4.3 | -4.8 | -2.6 | -2.2 | 6.0 | 10.1 | 4.8 |
| Indust. countries | | | | | | | | | |
| value | 18.8 | -0.8 | -6.0 | -1.1 | 6.7 | 3.2 | 18.5 | 16.7 | 16.5 |
| volume | 6.3 | 3.8 | -2.1 | 2.9 | 8.8 | 4.7 | 2.7 | 6.3 | 8.7 |
| unit value | 11.5 | -4.4 | -3.9 | -3.9 | -2.9 | -1.4 | 13.5 | 10.6 | 6.2 |
| Developing countries | | | | | | | | | |
| value | 25.1 | -1.5 | -11.1 | -5.2 | 8.4 | -4.3 | -8.6 | 22.4 | 12.5 |
| volume | 3.6 | -5.3 | -8.6 | 1.9 | 7.1 | 0.9 | 9.2 | 10.6 | 11.0 |
| unit value | 20.5 | 4.0 | -4.9 | -7.9 | -0.7 | -5.1 | -14.4 | 10.7 | 1.4 |
| Africa | | | | | | | | | |
| value | | | | | | | | | |
| volume | 2.1 | -13.8 | -5.0 | -0.7 | 9.1 | 6.4 | 3.3 | -1.1 | 2.4 |
| unit value | 19.9 | -2.9 | -10.2 | -2.2 | -6.3 | -4.8 | -15.2 | 12.0 | -3.6 |
| Sub-Sahara Africa | | | | | | | | | |
| value | | | | | | | | | |
| volume | 1.1 | -2.1 | 1.4 | 1.4 | 6.1 | -0.2 | 8.7 | 2.4 | -0.5 |
| unit value | 13.0 | -6.5 | -6.0 | -2.2 | 3.8 | -3.5 | -7.0 | 2.0 | 2.6 |
| Non-fuel exports | | | | | | | | | |
| value | | | | | | | | | |
| volume | 6.8 | 4.7 | 1.5 | 7.4 | 11.5 | 4.1 | 8.0 | 14.3 | 10.8 |
| unit value | 12.5 | -2.0 | -6.0 | -3.8 | | -4.8 | 8.2 | 7.3 | 6.8 |
| Manufactured | | | | | | | | | |
| value | | | | | | | | | |
| volume | 9.8 | 9.7 | 1.9 | 10.3 | 14.5 | 4.1 | 8.7 | 18.1 | 12.7 |
| unit value | 11.3 | -6.1 | -4.0 | -6.5 | -0.1 | -3.1 | 1.7 | 7.5 | 6.9 |
| Asian Countries(NIC) | | | | | | | | | |
| value | | | | | | | | | |
| volume | 16.1 | 10.4 | 1.9 | 14.6 | 15.8 | 3.6 | 20.6 | 15.7 | |
| unit value | 10.3 | 2.5 | -3.6 | -4.8 | 2.3 | -2.7 | 10.1 | 7.7 | |

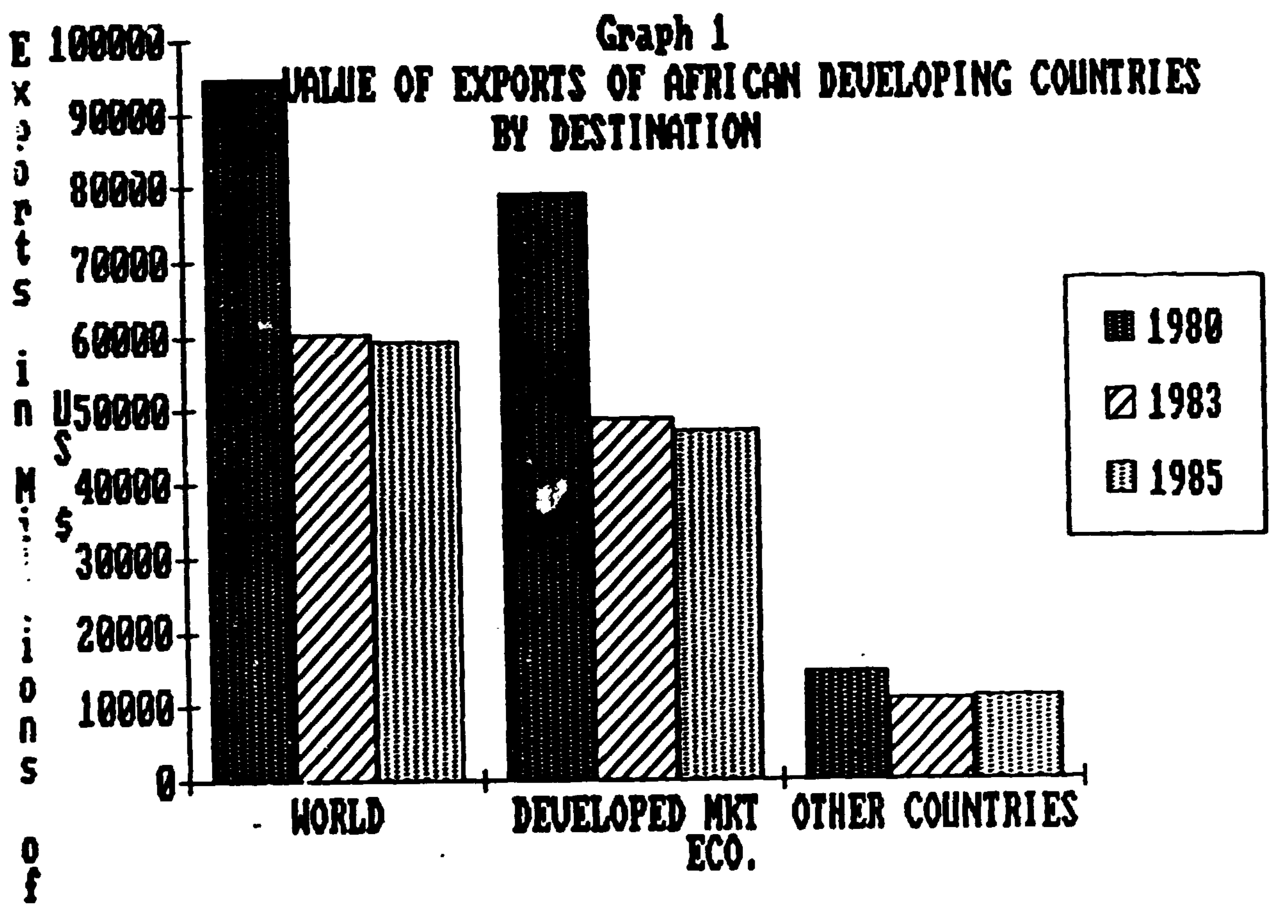
Source: World Economic Outlook - I.M.F. - April 1989

TABLE 6

GROWTH IN THE VOLUME OF EXPORTS (1980-1988)
FOR DIFFERENT GROUPS OF COUNTRIES AND PRODUCTS

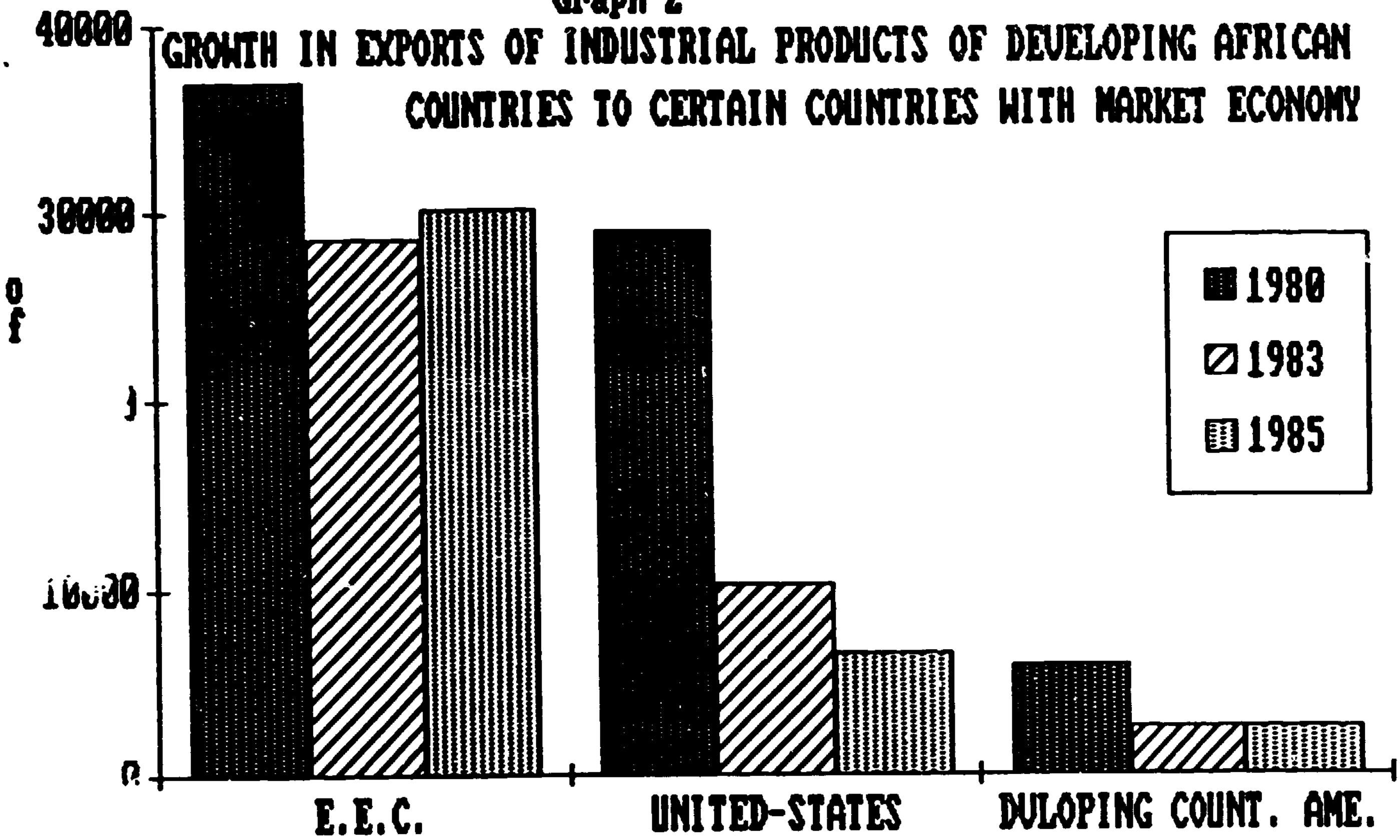
| CATEGORIES | 1980-82 | 1980-84 | 1980-86 | 1980-88 |
|---|---|---|---|---|
| Manufactured Prod. | 11.8% | 41.2% | 59.8% | 112.6% |
| Exports excl. Fuel | 6.3% | 27.3% | 43.1% | 81.2% |
| Industr. countries | 1.6% | 14.9% | 23.6% | 41.4% |
| Developing countries | -11.6% | -3.5% | 6.4% | 30.6% |
| Sub-Sahara Africa | -0.7% | 5.8% | 14.8% | 16.9% |
| Africa | -18.1% | -11.3% | -2.5% | -1.2% |

Source: World economic outlook, I.M.F., April 1989


Graph 1
VALUE OF EXPORTS OF AFRICAN DEVELOPING COUNTRIES
BY DESTINATION
Exports in Millions of US $
100000
90000
80000
70000
60000
50000
40000
30000
20000
10000
0
WORLD
DEVELOPED MKT ECO.
OTHER COUNTRIES
1980
1983
1985

Graph 2

GROWTH IN EXPORTS OF INDUSTRIAL PRODUCTS OF DEVELOPING AFRICAN COUNTRIES TO CERTAIN COUNTRIES WITH MARKET ECONOMY



## 4. The Emerging Characteristics of the Export Markets

After a rapid take off following independence, the industrial rates of growth in Africa have continued to decline, and have become completely exhausted during the past decade. African industries that are following the adjustment path are turning to external markets in quest of new outlets. An assessment of the obstacles that are encountered both in intra-African, and extra-African trade would clarify the options and the strategic behaviour that the concerned economic actors could adopt.

### 4.1 The Internal Characteristics of the Developing Countries in Africa

The development of industries in Africa is limited firstly, by the reduced size of the domestic markets, and more precisely, by their weak monetization; secondly, by problems in regional planning (each country in Africa rarely represents an integrated market on its own, and even less so do several countries grouped together); and finally, by the degree of vulnerability of the domestic markets, given the low level of diversification in the African economies. These characteristics of the African markets are not recent. They are however still present, and the industrialization strategies that have been implemented during the past three decades have yet to offset them. On the contrary, their hold on the industrial fabric seems stronger than ever. Moreover, measures that could contribute to the elimination of these flaws are slow to manifest themselves. Hence, (i) the development of infrastructure and modes of transport inside as well as between the African countries is always slow; (ii) the circulation of information on the availability, quality, and the prices of commodities that are manufactured does not flow freely; (iii) the systems of information on the markets (consumer markets), and access to promotion and distribution networks hardly exist, and specialized firms are rarely asked to provide services; (iv) the legal means that would allow for the development of strategic alliances between the operators of the same or a different country either do not exist, or are not employed; and (v) the institutional organization that allows for interplay between the actors on the industrial scene is not adapted to the existing requirements of the markets.

The efforts of the industrial operators, administrative authorities, and the donor community have been geared towards designing an environment free from bureaucratic obstacles and biases against efficient and exporting activities. Other than that, little effort has been devoted to a positive industrial development.

In fact, the current priorities, the limited institutional capabilities, and the industrial culture of private operators and of public administrators have contributed to the creation of a strategic vacuum that works against the African industry, at a time when it needs it the most. At the international level, actors in the developed countries have built alliances and agreements in strategic "mobile" groups with the active support of their governments, in order to adapt themselves to the evolution of the markets, the technology, and the competition. The notion of collusion and limitations or obstacles to competition are not defined at the national level anymore, or indeed, even within the trading zones. The evolution of barriers in the international trade is experiencing sharp movements, and is corresponding more and more to reactions against threats of increased competition that have developed on a reciprocal basis.

In order to better understand the nature and the type of the strategic behaviour that is to be adopted, it is necessary to grasp fully the following dual development: that which has evolved in the framework of the international trade, and the behaviour of the current actors in the developed countries.

## 4.2 Institutional Factors: Framework of the International Trade

The structural macroeconomic disequilibria in the developed countries, the slow growth at the beginning of the 1980s, as well as the persisting unemployment have resulted in increased pressures for protection (in spite of important speeches with regard to trade liberalization, and numerous negotiations and multilateral agreements) that are negatively affecting the chances of exports from African countries. Moreover, the success in trade of the newly industrialized countries (NIC) has increased pressures on the less developed countries in Africa to become more competitive. Finally, in Africa: (i) the dual domestic economy (with a large number of economic sectors developing outside the legal sphere, the existance of important regulation discrepancies namely, the lack of trade control combined with frequent fraud that acquires important proportions, (as well as the conditions of payment to the staff that is propitious to fraud) and (ii) the co-existence of different monetary regimes with respect to exchange rate and convertibility that are incentive to illicit exports, have created important regional distortions for industrial development.

### Intra-African Trade

Among the most serious problems that industries in the less developed countries in the Sub-Sahara Africa are confronted with, fraud and dumping can be singled out. Fraud can materialize under several forms: (i) underinvoicing; and (ii) the openness of the frontiers.

These forms of fraud have always existed, but they tend to become amplified during the structural adjustment period. In fact, the increase of certain custom tariffs that are geared towards correcting the effects of the appreciation of the national currency or harmonizing effective protection rates, encourage underinvoicing. In addition, trade policies during the adjustment period involve abolishing quantitative restrictions, or in any case, eliminating prior authorizations that would screen imports. Consequently, several markets are inundated with products that compete directly with the local production, without even having paid the required custom tax. The intra-African frontiers are difficult to be controlled and are vulnerable to illicit trade.

The heterogeneousness of trade and exchange rate policies encourage the development of a transborder flow of trade that neutralizes or thwarts the effects of the industrial policy. In certain cases, illicit trade finds its origins in Europe and Asia, and ends up in Africa after having passed through free trade zones.

Dumping is less common than what it is believed to be. It is generally a feature of the centrally-planned economies where the government plays a central role in establishing prices, and where export prices are different from those on the domestic markets due to the appreciation of the administered exchange rate. The most frequently encountered feature that has originated in Europe and Asia (and that qualifies as dumping in a less appropriate fashion) entails the flow of end-of-the-line products that threaten local competition as a whole.

Similarly, the intra-African trade is handicapped by the support policies to export in the developed countries. Competitors in the developed countries benefit from a wide range of support systems (flow of binding bilateral aid, system of export credit, system of export insurance, organization of governmental trade delegations, policies in support of the circulation of information on domestic production - fairs, exhibitions, etc... - and on business and investment opportunities) without the African industries being able to match them. The correction of this disequilibrium is all the more difficult as it is industries that are losing ground (that is, precisely those which the African manufacturers could maintain) that benefit from these support measures.

**Trade with the Developed countries**

The developed countries do not constitute a monolithic block that can be easily analyzed. At the institutional level, several contradictory phenomena are at work. If it is true that the markets are increasingly becoming less domestic, it is also true that penetrating these enlarged markets is difficult for the manufacturers who are outside of the trading zone. Furthermore, if it is true that the protection tariffs have indeed a tendency to diminish during the medium and long terms, it is also true that protection through non-tariff measures has increased. Moreover, and at the risk of simplifying the issue, the trade policies of the industrializd countries would in principle have to benefit the less developed countries; nevertheless, the rules of graduation and escalation significantly reduce these benefits. Furthermore, as it will be shown more clearly in the next section, the success of the manufacturers in the developed countries in the international trade (their capacity to fight against imports and to conquer the export markets) is more a question of following strategically-planned measures, better access to information, and a more refined foresight with respect to the changes in the markets in the North, rather than strictly a question of cost and trade protection.

The international transactions of the industrialized African countries are essentially governed by the generalized system of preferences (GSP), the Lome Convention, and a series of special sectorial agreements that are, in general, applied to sensitive products in which the less developed countries have acquired competitive advantages while the developed economies have lost grounds (as in the case of textile, clothing, shoes, agricultural and food products, or certain petrochemical products).

The generalized system of preferences (GSP), that was initiated at first by UNCTAD in 1968, and was negotiated under the auspicious of GATT, consists of a series of distinct schemes (16) that are classified in terms of exceptions to the basic rules of the GATT regarding nondiscrimination and reciprocity, and greater leverage for the exports of the less developed countries to the developed ones with respect to custom duties on similar goods. The GSP is accompanied by a series of other arrangements that limit its scope. The basic principle underlying this limitation is twofold. Tariff breaks should be applied on the basis of a sliding scale (that is, they should reach a ceiling) to the extent that the less developed countries become developed, and industries in the developed countries weaken.

Therefore, limitations in the application of the Generalized System of Preferences (in terms of the countries and the products, and the introduction of selective ceilings) become, in particular, apparent to the extent that the following manifest themselves: success in trade of some developing countries, those countries benefitting from the most generous generalized preferences are also those that in reality do not possess the necessary means to extract the benefits from them, the more this capacity increases, the more the level of preference diminishes.

The traditional tariff protections of the developed countries affect more specifically those industries which are highly labour-intensive or resource-based; moreover, the structure of tariffs that are imposed on the imports of the developed countries are incentive to the purchase of raw materials rather than processed products. This trend inevitably reflects upon the nature of the flow of trade coming from the less developed countries.

The sectorial agreements for specific products determine the framework in which certain exchanges develop. One of these agreements is the Multifibre Agreement (MFA), the last version of which was signed in July 1986 (expiring in July 1991). This agreement which rests upon Articles 3 and 4 of the GATT seeks, in principle, to weaken sudden distrubances in trade for both the importing, and the exporting countries. The substance of the accord is based on regulating the exchange of divers textiles and clothings on a bilateral basis through agreements on restrictions to exports. The latest version of MFA (IV) has extended the number of products that are subject to the agreement, and has given greater restrictive power to the importing countries while acknowledging the exemption of the poorest countries and the new comers from the restrictions. The MFA (IV) recognizes the necessity of a return to the general rules of the GATT, although it has not determined the temporal limit.

The Declaration of Punta del Este refers to the problems that are encountered in the marketing of tropical products and their derivatives (including coffee-based beverages, tea and cocoa, flowers and plants, certain vegetable oils and oilcakes, tropical fruits and nuts, tropical lumber and rubber, etc...), and brings to light problems in the growth of exports of the less developed countries even in situations of comparative advantage. The developed countries have some reserves with respect to the above and wish to integrate these liberalization measures into their agricultural reforms (which to say the least extends the delay for liberalization), and even then only with reciprocity or at least, the graduation of the eventual advantages to the "most advanced" developing countries.

Similarly, access to the markets of natural resource products, such as non-ferrous metals and minerals, forestry and fishery products, phosphates, salts, iron ore, and construction materials is suffering from subsidies and non-tariff supports that block the relative competitiveness of these sectors in the less developed countries. Discussions on this subject are still at an early stage.

In the framework of the Lome Convention, the European Community offers tariff preferences on a non-reciprocal basis to 66 African countries, the Caribbeans, and the Pacific states (the ACP countries). Since Lome III (1985), all Sub-Saharan African countries have become undersigners of the Convention. Lome III not only covers questions regarding tariff preferences, but also includes a whole range of financial assistance packages, some of which are related to the export recipes of the ACP. The African countries trade with the European Community more on the basis of the Lome Convention rather than the generalized system of preferences, which is the case with the non-ACP developing countries.

Industrial and agricultural trade with EEC is in certain cases subject to specific rules and accords, such as the Multifibre Agreement, or standards with respect to the safety and quality of products which weaken the advantages that are granted in the Convention. Moreover, during the past few years significant increases (re: GATT Review of Developments in Trading System (Geneva) 1987 and 1988) in voluntary restraint schemes on exports in different industries have further halted the European imports from the less developed countries. In terms of exchange with the European Community, the number of agreements on voluntary restraint on trade rose from 69 in 1987, to 138 in 1988, by implicating a growing number of the less developed countries. Although the newly industrialized countries (NIC) seem to be the most affected in this category, the African countries that are developing their industrial exports are only spared by a lesser degree. They can legitimately question the durability of the advantages that have been granted to them.

The effects in trade, following the creation of a single European market in 1992, for countries that are outside this trading zone are difficult to be assessed. The external regime for which the Community will opt in 1992, is not completely determined yet. The statements and the official standing tend to confirm that the Community would not bring itself into alignment with the highest protection levels of its least competitive members. Undoubtedly, as is the case with setting-up or strengthening any trading zone, the effect of trade diversion will partially explain, ex-post, the increase in trade between the member countries of the single market. This diversion will probably be more felt by the non-African partners of the Community. There is in fact, little probability that Africa would suffer directly from an unfavourable trade system. It is rather, the disintegration of its relative competitiveness as a result of the strengthening position of the players on the European scene, that is more likely to affect it.

Resorting to countertrade has the advantage of avoiding a number of these traditional barriers to trade, but it introduces a number of specific disequilibria; notably, the lack of transparency in trade flows, the limitations of choice for both the importers and exporters, and the complexity of resale.