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Sub-Saharan Africa Report

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SUB-SAHARAN AFRICA REPORT

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CONTENTS

IMPACT ON AFRICA OF MONETARY DISORDER STUDIED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1880, 20 Nov 81 pp 2925-2929

[Text] In our issue of 20 November (pp 2863-2867), we publish an analysis on the World Bank report devoted to "the accelerated development of Sub-Saharan Africa: alongside with comments on that report contributed by two experts on the problems of African development. The question of the African currencies--overvalued according to the Berg report--is rather complex and the following article is an attempt to take stock of the situation.

The state of African currencies has long elicited pessimistic remarks because they received the full impact of the world economy's slump and of the disequilibrium in foreign exchange markets. In recent months, it has been emphasized that they are often overvalued, thus creating financial burdens for the International Monetary Fund (IMF) which supports them and does not have inexhaustible financial assets.

The fact that these currencies often have inadequate rates of exchange is hardly surprising since international financial institutions have often pointed out in their reports--in general terms and without mentioning any country--that the economic imbalances of many African countries are aggravated by their unrealistic or overvalued rates of exchange. The esoteric and, for the noninitiated public, obscure nature of the many documents published by these organizations, their general analyses covering Africa as a whole and, even more often, lumping all developing countries together, and the stereotyped nature of the rectification measures advocated, have contributed to making African monetary problems be deliberately ignored. This is all the more so since the problems of the industrialized countries are recognized to be complex and attract a sustained interest because the foreign exchange markets register large movements of their capitals which is not the case for Africa.

A Difficult Evaluation

With monetary anarchy rampant all over the world, every currency has had, at some time or other, its value and solidity subjected to disappointing and even depreciatory evaluations; this is a normal occurrence for currencies of little or even symbolic importance which are a reflection of economic situations generally viewed as desperate in some countries and certainly critical for any country which does not produce petroleum. In these countries, external pressures (deterioration of the terms of exchange, interests rates and imported inflation) are compounded by the burden of internal restrictions of a geographic, economic and even military nature.

In any case, establishing the value of a currency lends itself to controversy; the exact value of a currency can certainly be determined in the foreign exchange markets but there are so many speculative transactions that the rates quoted only apply for a short while and do not take into account long term prospects.

The unreliable factors affecting the currencies of industrial countries are even stronger in the case of African currencies. There is no official open foreign exchange market which determines the volume of the various currencies being sought and offered in exchange for others and statistic figures, rapidly and constantly available for a specific currency, are scarce.

In fact, the IMF admits that it is difficult to determine the exact effect of the exchange rate on the country's situation; this is why in its analysis, the IMF gives not only short term conclusions but also includes long term prospects such as external indebtedness and feasibility of development plans.

All this considered, the decision to change an exchange rate is always difficult; even when the objectives pursued are clear and realistic, the choice of sectorial measures required to meet these objectives is a political matter and, therefore, subject to many contradictory pressures. Finally, the timing of that adjustment is also very important because what might be opportune from a technical viewpoint is not always opportune from a political viewpoint.

As for passing judgements on the African currencies, one must proceed with moderation and caution because in the absence of foreign exchanges one cannot rely on the rates quoted for bills on the free markets of Switzerland, Beirut (before 1975) and in other markets. The IMF itself only publishes, on a regular basis, the rates of the South African rand (only African currency quoted in the London market), the Libyan dinar and the Nigerian naira giving their par value in SDRs (special drawing rights).

It is only by reading press reports and, more particularly, the IMF's analyses that one can get some idea of the position of most of these currencies. For instance, the international organizations mention, among other things, "the advisability of following a flexible policy on rates of exchange" in general or for a given country, or the desirability "of reforming the regulations applying to foreign exchanges," or else the effects of "policies resulting in inadequate rates of exchange." But they do not publish accurate information on the issues and some people deplore that omission.

Through its studies, the IMF has the task of "monitoring the foreign exchange policies" of its member countries. The IMF does this on a regular basis through its missions for consultation. When the situation requires it, additional consultations take place but, as already noted, these consultations must be approached "with the greatest caution and display of discretion."

The IMF also provides financial assistance to countries which are facing or are likely to face external payments difficulties. This form of assistance consists in allowing applicant countries to buy "special drawing rights, SDR's," or rather their equivalent value in foreign currencies, with their own currencies to meet problems needing immediate solutions or critical situations likely to become dangerous on a short and medium term and which require the immediate implementation of a recovery program, or else, to help implement programs of economic and financial stabilization spread over a 3 year period. The repayment of this assistance is made with the SDR's being repurchased by the fund. The volume of these operations has greatly expanded since 1979 and press reports regarding these operations help to make an undoubtedly cursory assessment of the difficulties confronting many African currencies.

African Currencies

Independence led each African state to adopt its own currency; the result is a collection of 51 currencies (not counting the French franc of Reunion), some more important than others, and 49 of which are registered with the IMF. On the whole, these currencies are not convertible and after the fixed par values were abandoned on 1 April 1978, they do not have a common denominator linking them except for the currencies of countries in the franc zone. Many of them are linked to a currency, to the SDR's or to a basket of currencies. Based on the data released on 30 June 1981 by the IMF, the currencies of African countries can be classified into several groups (the most recent name of the currency is given in parentheses):

Nine countries with currencies linked to the U.S. dollar: Burundi (Burundian franc), Djibouti (Djibouti franc), Egypt (Egyptian pound), Ethiopia (birr), Liberia (dollar), Libyan Arab Jamahiriya (Libyab dinar), Rwanda (Rwandan franc), Somalia (Somali shilling), Sudan (Sudanese pound).

Ten countries with currencies linked to the SDR's: Guinea (syli), Guinea-Bissau (peso), Kenya (Kenyan shilling), Malawi (kwacha), Mauritius (Mauritian rupee), Seychelles (Seychelles rupee), Sao Tome and Principe (dobra), Sierra Leone (leone), Zaire (zaire), Zambia (kwacha).

Seven currencies linked to a basket of currencies other than the SDR's: Algeria (Algerian dinar), Botswana (pula), Cape Verde (Cape Verdian escudo), Islamic Republic of Mauritania (ouguiya), Tanzania (Tanzanian shilling), Tunisia (Tunisian dinar), Zimbabwe (Zimbabwean dollar linked to the U.S. dollar before April 1980).

Two currencies linked to the South African rand: Lesotho (maloti), Swaziland (lilangeni).

One currency linked to the pound sterling: Gambia (dalasi). (The Seychelles rupee was also linked to the pound sterling before December 1979).

One currency linked to the Spanish peseta: Equatorial Guinea (ekuele).

In the case of Nigeria (naira) and Uganda (Ugandan shilling), on 1 July this year the IMF had no information on rates and system of exchange.

Three currencies are independently floating or have adjustable exchange rates based on indicators: the Republic of South Africa (rand), Ghana (cedi), Morocco (dirham).

Thirteen countries are members of the franc zone. Six of them belong to the West-African Monetary Union as a result of a treaty signed: Senegal, the Ivory Coast, Upper Volta, Togo, Benin (formerly Dahomey) and Niger. Five countries of central Africa have signed an agreement on monetary cooperation: Cameroon, Gabon, Congo, the Central African Republic and Chad. Mali and the Federal Islamic Republic of the Comoros are also in this group. The various national currencies issued by four issuing institutes are the CFA franc for west and central African countries, the Mali franc and the Comorian franc.

The franc of the Republic of Madagascar, with an exchange rate based on the French franc, is simply linked to that franc by the IMF.

Finally, the currencies of Angola (kwanza) and Mozambique (metical) are not quoted by the IMF because those countries are not members of that organization.

Of these 51 countries just mentioned, 21 are included in the category of "less developed countries" and 4 others have also requested to be classified as such.

On 30 June 1981, some countries had a multiple exchange rate system or a system of dual exchange market: the Republic of South Africa, Algeria, Egypt, Ethiopia, Ghana, Equatorial Guinea, Kenya, Lesotho, Mauritius, Somalia, Sudan, Swaziland, Zaire. These systems which are common practice among industrialized countries, are merely tolerated by the IMF because they are preferable to rigid and inadequate rates of exchange.

Barring some error or omission, the following countries have made changes in the par value of their currencies with the IMF's approval:

--Sudan: June 1978 and September 1979.
--Ghana: July 1978.
--Tanzania: January 1979.
--Zaire: January 1979, August 1979, February 1980, June 1981 (-40 percent).
--Botswana: September 1979.
--Mauritius: October 1979 and 28 September 1981 (-20 percent).
--Kenya: January 1981 (-5.07 percent), 19 September 1981 (a total of -15 percent).
--Uganda: devaluation (12 June 1981); flotation (26 June).

Therefore, there have not been too many adjustments of exchange rates in Africa and there is no evidence that those which took place over a certain period of time brought any advantage except in the case of Botswana where diamond mining was developed. On the other hand, the advantages of devaluation for export operations in the other countries were curtailed by the decline of prices for coffee, cocoa and sugar and by the higher cost of imported goods, mainly foodstuffs and petroleum products.

System of the Franc Zone Countries

The franc zone countries have a special monetary system the main feature of which is that the convertibility of their currencies is guaranteed by France and this gives them the same stability as the French franc.

In the case of the West African group, France signed on 4 December 1973 a cooperation agreement with member countries of the West African Monetary Union created by the treaty of 14 October 1973. Whenever necessary, the French Republic gives its "assistance" to allow that union to "ensure the free convertibility of its currency."

In central Africa, the agreement on monetary cooperation signed on 23 November 1972, between France and member states of the Bank of Central African States (BEAC), stipulates that this cooperation is based on the former providing "unlimited backing" for the currency issued by the bank and on the member states "depositing all or part of their foreign exchange reserves with the French treasury."

This guarantee of convertibility, as well as that extended to the Republic of Mali and to the Federal Islamic Republic of the Comoros, operate by means of trading accounts which the French treasury opens for use by the issuing central banks and where their respective transfer operations are recorded. A guaranteed exchange rate applies to the credit balance of each trading account should there be a change in the par value of the French franc.

The current par value of the various African francs in French francs is:

1 CFA (African Financial Community) franc or 1 CFA (Financial Cooperation in Central Africa) franc = 0.02 French franc.
1 Comorian franc = 0.02 French franc.
1 Malian franc - 0.01 French franc.

Since 1974, when the issuing system of west and central Africa was reorganized, the authorities concerned have agreed to follow France's policy on exchange rates maintaining the aforesaid par values of their currencies after each devaluation.

IMF Assistance

Until 1974, the assistance given by the IMF consisted in being able to use SDR's made available to each state within the limits of the credit blocks allocated to them on the basis of the "subscription quotas" paid into the fund when they become a member of the fund or when the fund's Articles of Agreement are revised. As already pointed out, the member states purchase SDR's or their equivalent in foreign currencies; they pay interest to the IMF on this kind of loan and cancel their debts by transferring SDR's or convertible currencies to the fund; at that point, the member state recovers its national currency and is again entitled to purchase more SDR's if the need arises.

Two methods of assistance have been in use over a long period of time:

Standby Arrangements (SBA) which are the credit blocks originally allocated and represent, in fact, overdraft facilities.

The Compensatory Financing Facility (CFF) which offers the possibility of applying for additional drawings to help during a temporary decline in export earnings.

African states have made moderate use of these facilities.

After the oil shock, an Oil Facility was set up between 1974 and 1975 to help oil importing countries facing considerably heavier energy bills. These countries borrowed SDR 464 million; later on, a discount fund was established to ease their debt (interest discounts).

In May 1976, profits from the sale of gold held by the IMF were used to establish a "Trust Fund" offering loans to countries with a per capita annual income of less than SDR 300 for periods of between 6 and 10 years and at interest rates equal to the expenses incurred (0.5 percent). As a matter of fact, with the exception of Libya, Nigeria, Gabon, Botswana and Tunisia, all the other African countries drew from that fund a total of SDR 943 million between 1 July 1976 and 31 March 1981 which is the date when the last drawing ended. The top recipients were Egypt, Zaire and Morocco in that order.

In 1977, the Compensatory Financing Facility relaxed the conditions under which countries exporting commodities would have access to that facility and, in 1978, the 3-5 year repayment period was extended to a 5-7 year period. The applicant country must agree to cooperate with the IMF to find a solution to its balance of payment difficulties. The decline in estimated exports caused by falling prices (iron in the case of Liberia and Mauritania; coffee in Ethiopia, Liberia, Burundi, Uganda, Madagascar), or by poor harvests (sugar in Mauritius; peanuts in Senegal, Gambia, Guinea-Bissau, Mali; cocoa in Equatorial Guinea; various products in Tanzania) are the factors used to determine whether a request is justified or not. This facility is of a precautionary nature and does not necessarily have to be used. In September 1981, the Ivory Coast was given the option to purchase SDR 114 million in view of an estimated foreign trade deficit for 1981 due to declining cocoa and coffee prices (this was obviously the case for its export quota based on the international agreement).

After being used a great deal between 1976 and 1978, this facility was not involved in many operations in 1979 but after 1980 the volume of its activity has increased again. In May 1981, it started giving aid to member countries "with balance of payments difficulties resulting from the additional cost of their grain imports." Malawi was the first country to make use of this form of assistance (on 17 September this year it was allowed to purchase SDR 12 million).

Since 1979, conditions have substantially deteriorated in countries not so much due to temporary deficits in their balance of payments as to structural disequilibrium combined with a decline of the prices of raw materials and the second oil shock; they have had dogged inflation, budget deficits aggravated by poor harvests, an accelerated increase of the external debt, a proliferation of public organizations operating at a deficit, price policies which are bad for agriculture, a frantic urban development and so on.

To increase its aid effort, the IMF was forced to expand its resources, which it did in 1979 by borrowing from the central banks (including SDR 220 million from the Central Bank of Nigeria), and again at the end of 1980 when it increased its subscription quotas by 50 percent, then, finally, in 1981 through arrangements to borrow made with the Bank for International Settlements and with the major industrialized countries.

This constant effort on the part of the international financial community has made it possible for the IMF to considerably increase its assistance to countries which are more seriously hit by the crisis and where prolonged and restricting measures were required over a period of several years to achieve an economic recovery. But the increase in the number of recipient states and the heavier burden imposed by this aid on the fund's resources is offset by the fact that the applicant countries must adopt a program known as a stabilization program or program of economic and financial adjustment. This gave shape to the gradually well defined notion of "conditionality," a rather uncouth word now constantly in use by fund's officials.

Conditionality is criticized by applicant countries when it becomes too strict as is obviously the case when recommendations are made involving the exchange rate, a measure which could result in accelerated increases of consumer good prices. This conditionality has different aspects depending on whether the decision to give assistance consists in a standby arrangement or in an extended arrangement, or more precisely, an arrangement involving the use of an Extended Fund Facility (EFF). In the latter case, the country is given the option to purchase SDR's over a period of 3 years with specific dates of payment corresponding to the various stages of the recovery program undertaken by the recipient country. The IMF explains (in its bulletin of May 1981) that there must be a "detailed list of the policies and measures planned for the first 12 months and for subsequent 12-month periods." In the first case (standby arrangement), the applicant state only needs "to produce firm proof of its efforts to overcome its payments difficulties within a 1-year period."

Since the assistance given under these conditions over the last 3 years has been well publicized, one can appreciate the frail nature of the economies of many African states and the monetary difficulties which result from this. Addressing the UN Economic and Social Council, on 3 July this year, the director of the IMF noted that "three fourths of the fund's current lending commitments involve programs of economic recovery compared to one fourth a few years ago."

Standby Arrangements and Extended Fund Facility

These two methods of assistance are becoming more widespread and their study shows how serious the situation is for Africa.

(1) Standby Arrangements (standby credits)--On 31 December 1978, the account books of the IMF showed four countries under the chapter of standby arrangements: Gabon, Kenya (later cancelled), Mauritius and chiefly Zambia (250 million of partially used SDR's). Now, just in Africa, it has standby arrangements with the following countries (figures given in million SDR's):

In 1979: Kenya (122.48, not used); Zaire (118), Mauritius (73.03, partially used), Ghana (53), Malawi (26.3, partially used), Sierra Leone (17), Togo (15), Senegal (10.5), Gambia (1.6), People's Republic of the Congo and Rwanda (not used).

In 1980: Kenya (in October, 241.5), Tanzania (179.6 of which only 15 were used), Liberia (65 of which 32 were used), Madagascar (54.45 not used), Malawi (49.88 of which 22 were used), Mauritius (35 of which 30 were used), Mauritania (29.7 of which 8.9 were used), Uganda (12.5), Somalia (11.5 of which 6 were used), Equatorial Guinea (5.5 of which 2.5 were used).

In 1981: Uganda (112.5), Madagascar (109.4), Ethiopia (67.5), Togo (47.5), Sudan (45.7), Somalia (43.13), Zimbabwe (37.5), Senegal (63), Liberia (55), Mauritania (25.8), Central African Republic (10.4).

The list includes some countries which have adjusted their exchange rates: Kenya and Uganda adjusted them in 1981 while Tanzania seems to be having problems in its negotiations with the IMF; finally, in Zaire, a flexible exchange rate policy was part of the stabilization program which that country agreed to implement in August 1979.

All these standby arrangements allow the countries to purchase SDR's over a period of 1 or 2 years. The length of the period depends on the country's ability to introduce more or less substantial stabilization programs. In 1980, the arrangements were for 2 year periods except in the case of Equatorial Guinea and Somalia. In 1981, the arrangements announced on 1 October were for 1 year except on the case of Togo (2 years), Ethiopia (14 months) and Uganda (13 months).

Whenever justified, these arrangements can be supplemented by purchases under compensatory financing arrangements; this was done in the cases of Uganda, Senegal and Ethiopia. The case of Senegal shows the IMF's flexibility when it decides to grant assistance.*

A communique issued by the IMF on 16 September 1981 stated that it had approved a standby arrangement allowing the Senegalese Government to make purchases up to the equivalent of SDR 63 million until 30 June 1982 on the basis of a stabilization program carried out by that government. In 1980, a "medium term program of structural adjustment" was adopted by that country where the economic situation had been deteriorating since 1978. The results of the 1st year of that program were less satisfactory than expected due to bad weather conditions. "As a first step in the implementation of the medium term program" the authorities decided to introduce a "short term stabilization program" aimed at reducing the balance of payments deficit. This program was backed by the aforesaid standby arrangement and the extended arrangement made in 1980 has been cancelled. Measures were adopted "to improve and expand the revenue base," to "limit the growth of the nominal value of ordinary expenditures," to "reduce the budget deficit" and "to direct investments toward directly productive projects." It must be pointed out that one of the conditions was to "set up consolidated accounts for the transactions of the central administration and to control overdue payments in the public and quasi public sectors." The Senegalese Government has taken on a giant task which must be carried out in a rather short period of time.

(2) The assistance given to member states through the "Extended Fund Facility" was first introduced in Africa in 1974 and had only been used in small proportions by Kenya in July 1974 (with purchases of SDR 5 million), by Egypt and Sudan in 1979 and in 1980 but it was not until 1981 that large amounts were involved as the fund mobilized additional resources.

This facility is intended to correct structural shortcomings in the balance of payments. Countries are allowed to make drawings over a period of 3 years and the repurchases must be done in 12 equal installments and over a period which varies between 4 and 10 years after the purchase. This assistance is tied to a 3 year adjustment program affecting all the economic and financial policies of the applicant state: agricultural output and prices, retail prices; situation of the industries, even transportation and opening of isolated areas; investments, foreign loans with recurring charges and overdue payments; budget policies and particularly the question of subsidies; proliferation and management of public and quasi public establishments; regulation of domestic and foreign trade; control over the exchange rate. It is to be hoped that the problem of the exchange rates will remain confidential.

These arrangements are given quite a wide publicity.

For instance, it was made quite clear that the arrangement made with Gabon on 21 June 1980, involving SDR 34 million, was a precautionary measure and would end on 31 December 1982. After going through a financial crisis in 1977, that country was able to reduce its internal and external debt and eliminate all its overdue payments. Since the 1980-82 interim plan calls for large investments, the purpose of the credit arrangement is to fill the gap of any foreign trade deficit which may occur.

* Details of the programs are taken from IMF's communiques.

In the case of Sudan, an arrangement made in November 1980, and involving SDR 227 million, came to reinforce the effect of a previous arrangement signed in May 1979 involving SDR 200 million of which 75 million were purchased. Therefore, until 5 March 1982, the government of that country will draw or can draw a total of SDR 352 million. On 30 April 1981, large sums were still available. After poor crops which made inroads in their external resources, that country was in debt due to "expansionist financial policies" and to a budget deficit. In addition to a program to fight inflation and cut back on budget expenditures, the country must carry out a reform of regulations applicable to foreign exchanges and to foreign and domestic trade. On the other hand, the implementation of reforms in the agricultural sector was slow during the 1st year and the authorities have adopted additional measures to promote cotton farming while they continue to reform their foreign exchange regulations and to curtail the expansion of credit. This program will soon be completed and additional funding has been given through a compensatory financing arrangement of SDR 45.7 million because cotton exports declined in 1980 (permission to purchase SDR's was given on 10 April 1981).

In Morocco, the method used was slightly different; an extended arrangement approved in October 1980 for SDR 810 million was replaced on 9 March 1981 by an arrangement for the equivalent of SDR 817.05 million valid until October 1983. Despite efforts made in the framework of a 3 year program, the balance of payments' final figures were affected by a decline in phosphate exports.

Very special circumstances apply in the case of the Ivory Coast, a country which also received on 22 February 1981 an extended arrangement to draw SDR 484.5 million valid for 3 years. It will carry that country through to 1984 when it will no longer need to import petroleum. A "massive investment program," originally due to be financed with earnings from higher coffee and cocoa prices, had to be funded with "loans and by drawing from its reserves" after 1977. Meanwhile, there was a significant increase in public expenditures which went up by 115 percent between 1977 and 1980. This resulted in balance of payments deficits and in a deficit of the "overall balance of the public sector." A stabilization program was introduced to "reorganize public finances," to eliminate the balance of payments deficit by 1983, to reduce the budget deficit and to cancel out overdue payments.

Since 30 March 1981, Sierra Leone has been the recipient of a less important extended arrangement which was required to support a medium term program including, among other things, a 3 year investment plan for mining and hydroelectric projects. This arrangement involves SDR 163.7 million, is valid until 22 February 1984 and supplements a standby arrangement which had not been able to correct the external payments situation due to a decline of exports and an increase of food imports.

In Zambia, where the economy has been in bad straights for many years, due to the drop of copper prices and to export difficulties, an arrangement to draw SDR 800 million is tied to a 3 year economic and financial program mostly based on modernizing existing plants and carrying out "projects likely to produce returns within a short period of time." Published on 11 May, this arrangement is valid for 3 years.

Finally, on 23 June 1981, Zaire was allowed to purchase up to SDR 912 million through the Extended Fund Facility, in addition to that country's outstanding obligations with the IMF amounting to SDR 162.2 million. The authorities of that country have adopted a 3 year program (1981-83) intended to "ease the structural problems of the economy while helping to correct the domestic balance and to bring the balance of payments to a bearable position." After making adjustments in the exchange rate of their currency and liberalizing some imports, the authorities are now planning "to introduce a flexible policy of exchange rates."

It is useful to remember that Zaire's currency is practically controlled by the IMF with a director of the Central Bank placed at the disposal of that country by the fund on a regular basis.

So far, the amount of assistance given to Africa during 1981 by the IMF under these extended arrangements totals in excess of SDR 2.3 billion.

An Important Contribution Requiring Caution and Pragmatism

After reading this analysis, which makes no attempt to classify the African states, it is obvious that the IMF's contributions to the currencies of that area have been very significant. Apart from the three major oil producing countries and a few others, Tunisia in particular, the governments who face balance of payments difficulties or fear that they will have them in the future, have thought it useful to turn to the IMF for assistance. When the fund receives their requests, it must demand that these governments adopt strict measures which can disturb their political options and their development projects. This has happened even in the case of countries of the zone franc, at least in certain better off countries and not in the poorer ones, which were hit by the decline of coffee and cocoa prices, by the drought and by their dynamic investment policies. The convertibility of their currencies helped them to get the economy on the right track and allowed them to continue to have an open trade policy and access to the investment markets.

The IMF's increasing assistance to Africa remains a very special one given the diversity of situations and different degree of development of the countries concerned some of which are particularly underprivileged from a geographic viewpoint. The variety of methods available to the fund is particularly suited to the new problems confronting that continent.

However, it often happens that prospective recipients of that assistance feel that the fund is offering them general solutions in the framework of stereotyped programs. The answer to this lies in the choice of financial factors which can be effectively controlled (volume of domestic credit, foreign assets, foreign debt, position of the public treasury, interest rate and so on) and which basically reflect the policy of the petitioning government. But "the distribution of the burden of the adjustment" required depends on every aspect of that policy and, more particularly, on the political and social aspects.

The exchange rate system which "is monitored by the fund" is subject to a careful study to determine its effect on the entire economy of the country concerned in situations where there is a serious disequilibrium in the balance of payments. It is important to understand the significance which the IMF attaches to exchange rates as indicated in an article carried by the IMF's bulletin of 11 May 1981, and devoted to the adjustment process in Africa, from which we quote a rather obscure passage dealing with the relationship between exchange rates and the policy on production prices (page 140):

"Rigid exchange policies have often had similar effects (meaning, a stagnation of production) in several African countries. Many of these countries have overvalued exchange rates which are linked to articially low commodity prices and to very strict restrictions applied to exchange rates and to imports of goods listed as nonessential. Such policies have a deterrent effect on the production of export commodities and of substitute products to replace basic imports, particularly food supplies and industrial raw materials, and they are very bad for the growth of the balance of payments."

This analysis is obviously applicable only to specific cases which are not identified. But it is grounds to fear that the fund has a tendency to recommend monetary adjustments.

The same can be said of the fund's views regarding frequent adjustments of the exchange rates since on page 50 of the 1981 Annual Report, it is stated: "As long as a country is battling with serious difficulties associated to a chronic inflation, the only realistic solution for that country is to adjust its exchange rate constantly or at least frequently." Fortunately, the report immediately mentions the conditions which must be met if that operation is to be successful: wages which are not indexed, a not too expansionist monetary policy, an absence of regulations curtailing "the redistribution of available productive resources."

But none of the African countries really meet these conditions. The report also acknowledges that a change in the exchange rates of developing countries "does not occur...without some particularly serious problems arising" and might require the introduction of "auxiliary measures." This is probably the reason why many precautions are taken in negotiations with African states and why the decision to adjust the exchange rate is rarely made. As for the practice of having very variable rates of exchange, used in South America (Brazil, Argentina, Uruguay), in Asia and in Turkey, it is not certain that this is a good solution for the profound disequilibrium affecting most African countries even if some of their currencies are not convertible.

Generally, the increased value of exports in these countries after a devaluation takes place is greatly outstripped by the higher cost of imports and the resulting increase of their foreign debt. The unstable nature of the prices of tropical products is, in fact, a good enough reason to dismiss any hope of having a stable revaluation. Finally, as it happens almost everywhere else, the governments have not been able to avoid subsidizing consumer goods or providing public services at reduced rates. A devaluation must not have the effect of increasing budget expenditures but the range of fiscal resources which can be tapped is very limited since most of them originate from indirect taxation not to mention quasi taxation. Even in the case of politically solid governments, the options in this sphere are very limited.

In Africa, one must also consider the behavior of what could be called, using a U.S. terminology, the "underground" sector of the economy; this is a very important sector which cannot be easily assessed. It consists of all transactions or operations which are not officially recorded or included in the statistics. Indeed, factors such as the overlapping of frontiers, the geographic isolation and poverty of some areas, the diversification and effectiveness of traditional trade and rural cottage industries, are all factors which complicate an economic analysis particularly when based on figures.

Finally, since industrialized countries continue to have doubts regarding the real effectiveness of a devaluation and on the subject of how to select the right rate of exchange, it is normal that the danger of making a mistake in this type of decision becomes greater in Africa; even moderate measures can turn out to be a disaster given their effect on an economic environment which is not well known.

It is therefore wise for the IMF to be "cautious and pragmatic" in its dealings with developing countries and to favor long term economic and financial adjustments while it continues to support countries with temporary balance of payment difficulties. In return, the recipient countries must implement the proposed measures if they do not want to be instrumental in diminishing--indirectly and by reason of their reluctance to keep their commitments--the options of the IMF to help the poorest of these countries.

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NEW SECRETARY GENERAL OF ACCT PROFILED

Paris JEUNE AFRIQUE in French 23 Dec 81 p 59

[Article by Ela Fia]

[Text] Francois Owono-Nguema, the new secretary general of the Cultural and Technical Cooperation Agency (ACCT), was born in Oyem (Woleu-Ntem Province) in Gabon on 23 January 1939. He will therefore be 43 years old when he takes office on the Quai de Javel in Paris early in January.

After completing his secondary education at the Savorgnan-de-Brazza Lycee in Congo's capital, he won his university stripes with no trouble at all. After earning a licentiate in physical science and mathematics at the Lille and Strasbourg Universities (France) in 1962, he successfully completed work for his advanced studies diploma in theoretical physics in 1964 and his doctorate in nuclear physics in 1968. He was 29 years old. In scientific matters, he was described as a sprinter with the consistency and ability of a long-distance runner. Always open and available, he was able to confirm the hopes aroused by his promising start.

Among other things, his research work concerned field theory (mathematical physics) and nuclear models and reactions.

That was the visible peak of an iceberg whose submerged portion he was also constructing at the same time. With the help of his intellectual curiosity, he enriched and deepened a general eclectic culture which, out of modesty, he never displayed. At most, one glimpsed it in the turn of a phrase or on hearing one of his course lectures. Professor Owono-Nguema has a gift for explaining the most complex matters in a way that makes his listeners feel that they have known them for a long time.

Recalled to his country, he was cofounder of the National University of Gabon, where he held the post of vice rector from 1970 to 1971 and then became rector in 1971, holding that position until 1975. A full professor of physics, he divided his teaching time between the Libreville university and those in Lille and Strasbourg.

He was high commissioner for scientific research in 1972, then secretary of state for culture and arts for the next 3 years. In 1975, he had to "sacrifice" his scientific career to take over the Ministry of Research, which is also responsible for environment and the protection of nature. He left that post in February 1980 to become minister of state for culture, popular education, and arts.

This father of seven is experienced in international affairs as a result of having headed the Gabonese delegations to the political, cultural, and scientific meetings, colloquiums, and conferences held by the United Nations, UNESCO, and the OAU. The agency he is taking over is not unfamiliar to him. He has participated in ministerial conferences on the scientific policies of the member states and has worked as top adviser on their harmonization. He became chairman of the ICA (African Cultural Institute) in 1974 and has headed its Executive Council since 1980.

Were it not for his strong personality and his commitment on behalf of everything affecting Africa, one would be tempted to ask what this fortunate and well-known man is going to do in the chaos of the ACCT. He will need the flair he is known to have and his know-how as a nuclear physicist to master the uncontrollable particles of an agency whose escutcheon has recently been sullied through the carelessness of the African countries.

He will need his willpower free of authoritarianism, his rigorous way of thinking, and his reserve, as well as his gift for listening and for human relations if he is to impose the moral authority of an office that has been tarnished.

We wager that Francois Owono-Nguema, for whom "managing" requires human qualities as much as knowledge, will be able to raise the tone of debate within the agency, transcend the office, and give inspiration and a new face to the "business." That is the least of our hopes for him.

11798
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ACCT HOLDS EIGHTH GENERAL CONFERENCE IN LIBREVILLE

Paris JEUNE AFRIQUE in French 23 Dec 81 pp 58, 60

[Article by Sophie Bessis]

[Text] On Monday morning, 7 December, the scene took place at the Convention Hall in Libreville. All the actors were ready for the last act of a play fraught with intrigue and new developments. The first two acts, played in Paris, had served to set the stage and present the chief roles without giving any indications as to the ending. That explains why the actors with top billing, those with walk-on parts, and the producers were nervous at the opening of the Eighth General Conference of the ACCT [Cultural and Technical Cooperation Agency]. One question was on everyone's lips: who will be elected secretary general of the ACCT? The spot was coveted by half a dozen candidates, all of whom firmly intended to fight to win.

The first was the outgoing secretary general, Dankoulodo Dan Dicko of Niger, whose temperament led him to fight to the end to retain his seat. But his 8 years of undivided rule had brought a lot of ill feeling. The words of thanks addressed to him during the first plenary session by Jean-Pierre Cot, speaking on behalf of France, which he had come to represent as a stand-in for Claude Cheysson, amounted to a dismissal. But it was 24 hours later before Niger officially withdrew its candidate.

That left six candidates in the running, and that was a lot, all the more since most of them were in a good position to block an election of their rivals. The ACCT's bylaws state that the secretary general must receive 90 percent of the votes to be elected. Opposition to any of them by four member states could have resulted in a deadlock that some were secretly hoping for. So the game was a difficult one. The French minister delegate to the minister of external relations for cooperation [Jean-Pierre Cot], who was scheduled to leave Libreville at 0800 hours on Tuesday morning, decided to stay on in the Gabonese capital until the end, scheduled for the evening of the 9th.

Along with his delegation, Cot went all out. He had to show that France takes the agency and the French-speaking world seriously and that while it is the organization's most important financial backer, it does not want to be the absolute master, but desires instead to reach a consensus while honoring its commitments. It was not an easy task, considering that in order to succeed, Jean-Pierre Cot had to erase the bad impression left by his colleague in the Ministry of External Relations, who had

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apparently ignored instructions from the Elysee Palace and tried without much tact to impose his own candidate, Raymond Chasles of Mauritius.

That embarrassing support was a poisoned gift for Chasles: having been dropped by France, that courteous and competent man received only three votes in the first round of balloting. Exit Mauritius, along with the Haitian candidate, Mr Guerrier, who received only 2 votes, compared to 10 for Gabon, 8 for Tunisia, 8 for Benin, and 4 for Zaire. It was in the second round, during more long and arduous meetings between delegation heads behind closed doors, that the real battle took place. Those still in the running were Bokanga of Zaire, Ahmed Zeghall of Tunisia, Basile Kossou of Benin (director of the African Cultural Institute (ICA)), and Francois Owono-Nguema, Gabon's minister of state for culture, popular education, and arts, who had long been an unofficial candidate but who was officially presented by his country at the last minute. Bokanga received four votes and withdrew in favor of Gabon following a telephone call between Presidents Mobutu and Bongo. Zeghall received eight votes--not many, considering that Tunisia entered the competition as the favorite. Several factors were behind that semidefeat, one being the last-minute choice of a candidate who was unknown to Africans south of the Sahara.

There were defections as well: while France voted for Tunisia in the second round of balloting before switching its vote to Gabon, Canada--despite the assurances it had given previously--launched into a noisy and insistent campaign on behalf of Owono-Nguema as soon as the official announcement of the Gabonese candidate was made. Some people claimed that Canada's economic interests in the region had something to do with its action and that the choice of the minister of foreign trade to head the Canadian delegation was not a matter of chance.

There were also defections among Arab Africans: Djibouti and especially Morocco, a new member of the agency and one whose excellent relations with Gabon determined the decision. So the curtain fell on the Tunisians, who were good losers despite some bitterness. In the third round of balloting, there remained only Basile Kossou, whom no one at the start had expected to get that far, and the Gabonese, the increasingly probable winner of the contest. President Bongo spared no effort to lead his favorite to victory. Did he do it as a neat way of getting rid of the man, as persistent rumor would have it? In any case, the chief of state received each delegation to praise insistently the merits of his minister.

In the final duel, he received 21 votes to 14 for the man from Benin. Does this indicate a cleavage between moderate Africa and progressive Africa? That factor undoubtedly played a role, but it does not seem to have been a decisive one. In any case, Benin was not unhappy to be able to take some small revenge on Gabon, which had unceremoniously expelled its nationals in 1978. The director of the ICA, too young and not enough of a "statesman" to do the job--despite brilliant intelligence and an invigorating dynamism--nevertheless persuaded his minister to play the consensus game. After all, Africa could not afford to present the image of too bloody an arena. So after a final closed meeting, the tired but relieved delegation heads officially announced Owono-Nguema's appointment as head of the French-speaking agency. Visibly happy, he took charge of the rostrum. It was time to begin the speeches.

There was a succession of tributes and congratulations to the cadence of rhythmical and noisy singing by the national entertainment troupe called in for the occasion.

The end of the session had practically arrived, and there was scarcely time to discuss other matters that ought to have been of concern to the ACCT. There was just time to admit Guinea and Congo to "the great French-speaking family" as full members and Morocco and St. Lucia as associated members, thus bringing the number of member countries to 38. It was also decided to open a regional office for the agency in Dakar, but the proposal to open one at the United Nations in New York was turned down.

The conference did no more than ratify the main decisions reached by the board of directors, which met from 2 to 5 December, and make certain recommendations: since the budget for the next few years carries the stamp of austerity, it would be appropriate to place the budget restrictions on the agency's operations rather than on its programs. Also examined were the requests for a show of solidarity as presented by the Central African Republic, Chad, Laos, Lebanon, and the Seychelles. Just before the closing ceremony, Jean-Pierre Cot gave a brief presentation of the new French policy toward an organization which is taking on "new importance" for the French Government. By stressing the "weight of the Western model," the need for South-South cooperation, and the role of the social sciences in becoming better acquainted with societies and transforming them without acculturation, he was employing a new tone that moved more than one African, and his statement was met with a real ovation. Such is the power of words to make up for years of humiliation.

Thus it was that at the last minute, some of the real problems that should have been brought up during the conference were discussed after all, although too quickly. Will the agency find in that fact something to think about? Beyond the political stake it represents--one which was well illustrated by this meeting--will its new secretary general and the team he puts together--taking into account not only regional balance, as he is constrained to do, but also, one hopes, competence--do something with that poorly utilized instrument? What we have is a real structure and one that has money, cadres, and possibilities, but one which has scarcely been really used so far. Will that fine machinery finally be put to profitable use before it rusts?

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BLACK AFRICA'S RELATIONS WITH ISRAEL EXAMINED

Paris JEUNE AFRIQUE in French No 1094, 23 Dec 81 p 13

[Commentary by Bechir Ben Yahmed]

[Text] As this year ends, the major countries of Africa, both French-speaking and English-speaking, are being subjected to intense pressure. The United States and France are each telling them: "The time has come for you to resume diplomatic and political relations with Israel. Do so, and we will be grateful."

There are 29 countries that broke off those relations in 1973, thus joining the eight Arab states of Africa which have never had such relations. The countries that became independent after 1973 have brought the number to over 40, with the result that as 1982 begins, Israel maintains open relations with only two important countries in Africa: South Africa, which is not a member of the United Nations, and Egypt, which is one of its founding members (and, incidentally, of the Arab League as well, although it was "suspended" by that organization following the Camp David accords).

It should be recalled that the State of Israel has relations with more than 100 countries belonging to the United Nations. Only the Arabs (with the notable exception of Egypt) and the communist countries (with the exception of Romania) do not recognize it or have broken off relations with it. All this is a way of saying that by breaking off relations with the Jewish state in 1973, the countries of black Africa set themselves apart from the majority of nations. That explains the pressure being placed on them at present by Israel itself, which is stepping up its semisecret missions to those countries, and by the two big powers, which support the Camp David accords.

The problem is not so much that the states of black Africa would be resuming their relations with Israel--after all, more than half the nonaligned states do have relations with that country. The danger is that they will divide into two camps.

The Africa of the OAU is in danger of splitting into the "softliners" (those that give in to the pressure first and thus bring upon themselves the accusation of "pro-Americanism," as though the majority of the Arab governments were not pro-American!) and the "hardliners" (of whom it will be said that they "preferred Arab money").

As for the Arabs, who are very busy at the moment with their dissensions, they are shaken by Begin's initiatives and, as usual, are reacting rather than acting. They will wake up when it is too late, and then all they will be able to do is complain or hurl abuse. The truth is that for the Africans, the root of the problem is not whether or not to resume relations with Israel. It is one of whether or not to do it together and for their own reasons, which are not the American or French reasons or those of the non-African Arab countries. Even if they are helped financially by the Arabs, the African states must not for that reason allow the Arab world to demand from them what it cannot obtain from others. Even if they need France or have points of agreement with it, and even if they expect protection from Washington, they do not have to accede to the wishes of either. If they are sovereign, they must make their decisions in full sovereignty, in accordance with their interests, and together.

The Africans are weak, and when they make a decision in extended order, they emphasize that weakness. In doing so, their governments show--to their own people and to the world--that they are "clients." Under the circumstances, elementary wisdom and a sense of dignity ought to dictate that the issue of relations with Israel be dealt with by the OAU Council of Ministers, which will meet this February. In the meantime, those pushing for a resumption of relations and those opposing it will have plenty of time in which to develop their arguments. For the moment, the Africans have nothing else to do except listen.

And not only to listen, but also, and at the same time, to decide together on a criterion. Brief reflection is all it takes to see that that criterion can only be the attitude toward South Africa and apartheid.

To those who are asking us to resume relations with Israel, whether it be the Israelis themselves or the Americans, we should ask: "What is your policy toward South Africa? How do you intend to change its attitude in favor of the oppressed black majority? What are you doing to compel the oppressive minority to change?" To those who would tell the Africans not to resume relations with Israel, we should ask exactly the same questions. And this one as well: "If you are asking us to do what you cannot get the Asians or Latin Americans to do, it means that there are special relations between you and us. Do you want us to make them explicit?"

11798
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INTER-AFRICAN AFFAIRS

ARTICLE URGES LESS TALK, MORE ACTION

Paris JEUNE AFRIQUE in French No 1093, 16 Dec 81 pp 18, 19

[Article by Siradiou Diallo: "Let Us Move Into Action"]

[Text] Is it a coincidence that the year is ending in Africa with a series of meetings of regional and subregional organizations? In West Africa during this month of December, Dakar (Senegal) is welcoming the summit meeting of the CEAO [West African Economic Community] and the UMOA [West African Monetary Union]; while another meeting, planned to follow them, for the OMVS (Senegal River Development Organization) was postponed at the last moment. In September, the Economic Council for Livestock and Meat met at Lome (Togo) while, in January 1982, Yamoussoukro (Ivory Coast) will be host for the summit meeting of the Alliance Council [Conseil de l'Entente]. The truth is that the states of this region are tied to the chariot of no less than 26 Inter-African organizations.

Also at the end of 1981, Libreville (Gabon), in Central Africa, was first host to the ministerial conference of the African Wood Organization, and then to the summit meeting of the UDEAC [Customs and Economic Union of Central Africa]. The summit meeting, moreover, was enlarged to include two countries (Zaire and Equatorial Guinea) who, until now, were not members of the organization, not to mention Chad which has been cooling its heals at UDEAC's door, waiting to be admitted some day.

The annual session of the Association for Managing East African Ports (including 11 countries of the region) was held from 30 November to 4 December at Djibouti. And a few days earlier the coordination conference for Southern African development, involving nine countries from the Zambezi Basin, was concluded at Blantyre (Malawi).

Some people will say that there is nothing surprising, quite the contrary, that Africans born and raised on endless discussion, should increase the occasions for gossip-sessions. Since they are unable to act, they at least must talk, if only to give themselves the illusion of doing (or being) something. To be sure, like all bureaucracies overseeing the functioning of international organizations, ours should increase the number of summit meetings, ministerial conferences, colloquia, and other seminars. They certainly must justify, along with the sky-high salaries, the large investments their establishments entail. But that is not the essential thing. If Africans increase the number of the interstate meetings, it is not because of their love for long speeches, nor their need to travel, nor to amuse themselves. Rather, each day our political leaders, managers, and intellectuals of all views become better aware of the inadequacies and limitations of the microstates inherited from the colonial system and, therefore, they feel, more or less confusedly, the strong need to unite to confront the needs of the hour. The number of states no longer able to fulfill their commitments is actually growing year by year. Some no longer have the means to maintain the infrastructures inherited from the colonial regime, much less develop new ones. Others can no longer pay their dues (and this happens with increasing frequency) to the regional and subregional organizations to which they belong. Some even pay their civil servants 2 or 3 months late! Everything is happening as if, having consumed the political marrow of our liberations, we now are reduced to gnawing the dry bones of our economies. Meanwhile, laughing up their sleeve, the colonizers who had cynically undermined the terrain watch us from the heights of their confortable skyscrapers, convinced that, sooner or later, we shall be forced to call on them for help. "There is no other solution but to recall the whites if you want to develop your countries," Mr Franz Joseph Strauss, leader of the Christian Democratic opposition in the Federal Republic of Germany, bluntly suggested to several Africans who were talking with him.

Assuming that whites in fact did leave immediately after the independence of these countries (which is questionable) it is obvious that the solution to our problems does not depend on their return. Rather, it depends on regional and subregional understandings and cooperation by the states. Since it has been found ineffective to walk with only one leg, even with crutches, it is preferable to help each other, even lean on each other, in order to make a fresh start. Even Nigeria, whose population will fluctuate at about 135 million in the year 2000, needs this regrouping of lands. The other countries, who in about 20 years will have only an average of 12 million inhabitants, will need it even more. Only a real solidarity contract, linking the 50 states, even if only at the level of the five or six great regions sketched out at the economic summit meeting at Lagos (April 1980) could help us out of the rut.

But this regional cooperation should not be limited either to childish propaganda or incantations on the theme of unity and dignity. It should be conceived and applied with a real concern for effectiveness and with no tricks or dodges. In other words, if it is true that such an action must be based on a genuine political conviction, it is no less true that it is too serious a matter to be left only to the judgment of politicians.

Today everybody sees where the latter's actions have led Africa. Whether they wore a felt hat or a helmet, few undertook the battle, or followed the direction needed, against underdevelopment, or encouraged the enthusiasms and dreams of youth so as to better invest them later on. Most spent these last 20 years exhausting themselves in futile ideological quarrels, setting off to war, like Don Quixote, against windmills, or to wring the neck of their fellow citizens; and all this took place while seizing power for the benefit of a group, clan, ethnic group, region, or even a mere village.

However, the real and only battle Africa must now fight is the one against underdevelopment, illiteracy, poverty, and sickness. Such a battle can only be won with the support of managers, intellectuals, young persons, dynamic businessmen, technicians, and workers in the towns and countryside regardless of their regional, ethnic, and even more so, political origins. The state, and even more so, the nation belongs to no single person. Each citizen should feel perfectly secure for his physical and moral being as well as for his property. The strategy could consist of building solid and lasting infrastructures tending to bring African populations a little closer to each other each day. It should begin with those populations of the same region, within the meaning set forth by the OAU. For that, it is advisable to develop lines of communication (roads and railroads); air, maritime, and telephone connections; interconnect the electrical networks; simplify entry formalities at frontiers; multiply cultural and athletic meetings; coordinate educational programs. The aim is to raise the inhuman barriers and all the administrative constraints so as to make each of our great regions (North Africa, West Africa, Central Africa, East Africa, and South Africa) a vast homogeneous and open space where circulation of peoples and goods takes place in total and perfect freedom.

No doubt the treaties and conventions signed by the African states contain clauses of that nature. But everyone knows how things are in practice. What can be more shocking than seeing Africans provided with passports and visas turned back at the airport of such and such an African capital, if not imprisoned for several days without food or drink, and even sometimes savagely beaten. Is it not upsetting to witness massive expulsions, under false excuses, by African states, of citizens of other African countries, leaving behind broken families and pillaged possessions! Former President Leopold Sedar Senghor objected in the OAU to these practices which dishonor Africa. But the commitments made by his colleagues at that time have by no means been fulfilled. Moreover, the procrastinations noted during certain negotiations for the construction of hydroelectric dams of subregional or even regional interest in the frontier zones are out-of-date. Now that a generation of competent and aware African managers and technicians is growing up, political leaders should place confidence in them to draw up and study solid and reliable regional projects, resolutely directed toward the satisfaction of the people's needs and aspirations.

We have spoken (and written) too much for 20 years. Now let us move into action, the more so, since the framework for action is no longer missing--not even really the human and financial resources. It is enough to use the regional organizations, not as tribunes for political agitation, but as real instruments for Africa's only real struggle, the struggle against underdevelopment.

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ANGOLA

GOALS FOR 1981-1985 AGRICULTURAL SEASON ANNOUNCED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1887, 8 Jan 82 p 100

[Text] The basic objectives for the 1981-1985 period, defined at the First Special Congress of the MPLA-Labor Party, were reiterated by Angolan Minister of Agriculture Artur Vidal Gomes. Those objectives are the following: to increase the production of agriculture, livestock raising and forestry in order to meet national needs for food products and raw materials for industry, so as to reduce the country's dependency on imported products that can be obtained locally by the end of the 5-year period, and increase production of export products, particularly coffee; to raise the standard of living and improve working conditions of farmers and farm workers; and to consolidate the socialist agricultural sector (national companies and cooperatives).

Within this framework, production objectives have been set. They concern market production alone -- that is, that share of production destined for marketing and distribution circuits, to the exclusion of quantities produced for local consumption in rural areas (the amount of which cannot be estimated, moreover) and tonnages reserved for the building of seed stock.

It is difficult to trace guidelines for cotton, a sector almost solely in the hands of the government which is experiencing difficulties in the region of Catete and Porto Amboim, where the harvest has dropped to nothing because of the lack of rain. This situation is not at all abnormal in a zone which, for that very reason, produces only every 2 or 3 years. National cotton production is going to be transferred to the region of Malange, where climatic conditions are such that a harvest can almost be guaranteed.

Manioc is a crop grown by the private sector in Malange and Ulge provinces. Production planned for the 5-year period amounts to 65,000 tons. For palm oil, the goal for the 5-year period is 8,000 tons.

Concerning the new 1982 season (September 1981 to September 1982) in particular, it is already known that some of the objectives set forth will be difficult to attain, considering the poor condition of agricultural equipment and the instability in certain regions because of the South African attacks, which have caused people to give up their crops and livestock.

Coffee production in the northern part of the country, far from Pretoria's attacks, has obviously attracted the authorities attention because it is a major source of foreign exchange income. This sector is now being reorganized, with the establishment, approved by the ministers of planning, finance and agriculture, of 26 territorial enterprises with an area of 185,000 hectares.

These state-owned enterprises are to put coffee plantations abandoned in recent years back into production and take over areas cultivated by ENCAFE [National Coffee Company], most of which are in poor condition. Work planned (clearing, razing, replanting, and so on) will be spread out over the next two or three years. There are also plans to improve coffee preparation and processing starting this year.

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CAMEROON

BRIEFS

COFFEE PRICE INCREASES--By virtue of two decrees signed by the Cameroonian chief of state on 28 December, prices to coffee producers were increased. The first decree concerns superior grade Robusta coffee, whose price per kilogram goes from 320 to 330 CFA francs. The second concerns washed, commercial grade Arabica coffee, which will be purchased at 350 francs a kilogram during the 1981-1982 season, compared with 340 francs for the previous season, an increase of 10 CFA francs in each case. A bulletin from the Cameroonian Ministry of Economy and Planning indicates that as the result of the conclusions of the meeting of the commission on the distribution of Arabica coffee rebates for the 1980-1981 season, the government has set the rate of the Arabica coffee rebate for the 1980-1981 season at 40 francs, compared with 20 francs for 1979-1980, thereby increasing the total payment for washed, commercial-grade Arabica coffee to 380 francs a kilogram in 1980-1981, compared with 350 francs in 1979-1980. The bulletin also indicates that these increases occur in a situation marked by overproduction and a drop in prices which, despite inflation, have fallen to their level of 5 years ago. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1888, 15 Jan 82 p 149] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

CSO: 4719/477

CAPE VERDE

BRIEFS

POLITICAL 'RADICALIZATION' ANNOUNCED--In his New Year's address, Aristides Pereira, president of the Republic of Cape Verde, stated his determination to radicalize the political process after the congress of his party, the PAICV [African Independence Party of Cape Verde], which has outlined the guidelines to be followed for the coming years. The Cape Verdian president said that the agrarian reform will be carried out in order to rationalize agricultural production and fight the country's food dependency. Cape Verde suffers from a chronic drought. The president announced measures aimed at guaranteeing jobs for 30,000 persons (10 percent of the population), affected by the drought this year. They will work on construction projects aimed at deriving greater benefit from the soil in case of rain and at expanding the area irrigated. Finally, Pereira emphasized the need for proper organization and moral and political determination in the fight against the drought, which cannot be won solely by projects and the millions invested, he said. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1887, 8 Jan 82 p 80] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

CSO: 4719/473

CENTRAL AFRICAN REPUBLIC

BRIEFS

AMNESTY ORDER--On 31 December in Bangui, Gen Andre Kolingba signed an order concerning amnesty for certain violations committed between 13 August and 31 December 1981. Excluded from the amnesty order are those responsible for assassinations, murders, killings, the misappropriation of public funds, and so on. Amnesty does not include reinstatement in public offices or jobs and in no case entails the recovery of one's career. Furthermore, persons sentenced before 1 January 1982 will have their sentences reduced by half. If the sentence is under 5 years in prison, it is nullified. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1887, 8 Jan 82 p 88] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

MLPC PRESIDENT'S CHARGES--Ange Patasse, president of the MLPC (Central African People's Liberation Movement), recently accused leaders in Bangui of planning, "along with foreign mercenaries," the "liquidation" of his supporters, using the pretext of "attempted coups d'etat." [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1887, 8 Jan 82 pp 88-89] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

SETTLEMENT OF PYGMIES--The most recent BULLETIN DES OEUVRES HOSPITALIERES FRANCAISES DE L'ORDRE DE MALTE states that in the Central African Republic, the village of Belemboke, set up nearly 10 years ago by a priest and two nuns at the request of Pygmies in the region, now has 800 inhabitants. These sedentary Pygmies have remained autonomous. Another 600 live 40 kilometers from the settlement, while another group of 1,000 are found 20 kilometers away. According to the village founders, the shift from nomadic life to crop growing is gradual because it takes several years to obtain sufficient yield from what is planted. In addition, with respect to health, settlement has reportedly tended to aggravate illnesses and classic parasitosis in Africa. That is why the sedentary Pygmies regularly leave the village they have built to return to their secular forest life for a few months. Nevertheless, 190 pupils regularly attend school in Benemboke. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1887, 8 Jan 82 p 89] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

CSO: 4719/471

GUINEA

BRIEFS

COOPERATION WITH GDR--The first meeting of the Guinea-East Germany Joint Commission was held in Conakry 16-18 November and ended with the signing of a protocol agreement. The commission reviewed the various items on the agenda: examination of the possibility of reducing the GDR's clearing balance; analysis of the state of commercial relations between the GDR and the People's Revolutionary Republic of Guinea and examination of ways to augment trade; the possibility of the GDR participating in the final stages of the work on the OAU [Organization of African Unity] Palace and the development of the FAPA [Agro-Pastoral District Farms] and agricultural cooperatives; cooperation in the field of higher education, technical and scientific training, and in the field of public health; as well as establishing the by-laws for the joint commission on economic, scientific and technical cooperation. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1883, 11 Dec 81 p 3303] [COPYRIGHT: Rene Moreux et Cie Paris 1981] 9516

OIL PROSPECTING--Guinea and the Australian group "Bright Oil" have recently concluded an agreement for prospecting oil and natural gas in Guinea, both on land and offshore, as was announced 2 December in Conakry. By the terms of the agreement, the Bright Oil group is committed to investing $15 million per year for the next 3 years and to begin drilling in 1983. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1883, 11 Dec 81 p 3303] [COPYRIGHT: Rene Moreux et Cie Paris 1981] 9516

CSO: 4719/355

MALI

BRIEFS

CCCE AGRICULTURAL LOAN--The Malian Council of Ministers has recently approved a proposed order ratifying the loan agreement signed 18 August 1981 by the Malian ministry of foreign affairs and international cooperation and the Central Fund for Economic Cooperation [CCCE]. The agreement relates to providing 270 million Malian francs toward the financing of a subsidized loan program being undertaken by the National Agricultural Development Bank (BNDA). [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1883, 11 Dec 81 p 3303] [COPYRIGHT: Rene Moreux et Cie Paris 1981] 9516

JAPANESE RICE LOAN--Alioune Blondin Beye, Mali's minister of foreign affairs and international cooperation, and Chiyuki Hiaroka, the Japanese ambassador, signed an exchange of notes 30 November in Bamako to consummate an agreement whereby the Japanese government will provide Mali with 370 million yen (about 900 million Malian francs) to finance the purchase of rice. The agreement also provides that Japan will contribute close to 1.29 billion Malian francs "toward the implementation of plans to exploit subterranean water resources." [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1883, 11 Dec 81 p 3303] [COPYRIGHT: Rene Moreux et Cie Paris 1981] 9516

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NIGERIA

BRIEFS

OIL PRODUCTION--According to the periodical PETROLE ET GAZ ARABES, Nigeria's oil production in 1981 reportedly amounted to an average of 1.39 million barrels a day and, according to oil circles in Lagos, to 1.45 million barrels a day. Nigeria's official figures were 2,068,165 barrels a day in 1980 and 2,308,822 barrels a day in 1979. Consequently, 1981 will be marked by a drop in production, with the historic slump of the month of August (708,000 barrels a day). Furthermore, the average for the nine months was lower than that of the first six months: 1,473,500 barrels a day, compared with 1,707,300 barrels a day. The recovery occurred during the last quarter, with an estimated average during those three months of 1,554,000 barrels a day, but thanks also to successive price reductions. It should be noted that in 1981, Nigeria was not the only country belonging to OPEC (Organization of Petroleum Exporting Countries) to experience a drop in production. For all of these countries, the drop was some 16.4 percent compared with 1980, with a general average put at 22.48 million barrels a day. Indonesia was reportedly the only OPEC member not to have had a slowdown in production. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1888, 15 Jan 82 p 147] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

INDUSTRIAL PRODUCTION STAGNATING--It is believed that the general industrial production index did not progress significantly in 1981 compared with 1980. It should be recalled that, on a basis of 100 in 1972, the figure went from 167 in 1979 to only 180 in 1980 (up .6 percent), while from 1978 to 1979, growth was much greater (up 15.2 percent), from 145 to 167. The manufacturing industries, which occupy an ever larger place in the makeup of the index, alongside the mining industries (in a continual decline for years) and electricity (increasing, but with a tendency toward a certain compression), have in fact experienced different fortunes. Among the 20 sectors taken into account, several were in a clear decline in the middle of the year, particularly the sugar, beer, shoe, paint, refined petroleum product and pharmaceutical sectors. Those sectors showing growth: radio assembly, roofing materials, cement, textiles, cigarettes and soft drinks, scarcely balanced those in a decline. However, spectacular growth should be noted in the area of automobile vehicle assembly. In this sector of activity, the index (still employing the base figure of 100 in 1972) reportedly went from 1,363.9 at the end of 1980 to 3,515.7 at the end of the first half of 1981, or an increase in 6 months of 157.7 percent, while from 1979 to 1980, growth in this sector was only 19.75 percent (from 1,138.9 to 1,363.9) and only 14.72 percent between 1978 and 1979 (from 992.7 to 1,138.9). [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1888, 15 Jan 82 p 147] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

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SENEGAL

TEXTILE INDUSTRY UNDERGOING DIFFICULT PERIOD

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1887, 8 Jan 82 pp 78-79

[Text] Despite important development potential (domestic market and national cotton production), the Senegalese textile industry is going through a difficult period. Exports are down, the domestic market is in a decline, multifaceted fraud is taking place to the detriment of national production, local industries have not succeeded in taking consumers' real needs into account and equipment has not been replaced by newer machinery.

Senegal's textile sector employs some 5,000 persons and contributes 5 billion CFA francs to industrial added value. It includes SODEFITEX [Textile Fibers Development Company], which is both an enterprise to organize rural cotton production and an industrial ginning unit, and purely industrial enterprises which process cotton from the spinning stage to garment making.

However, for the past several years, out of the nine main industrial units in the sector, nearly two-thirds have experienced difficulties. The SIV (Industrial Garment Company) has financial problems and difficulty collecting government debts. For its part, ICOTAF [African Cotton Industry] has had extremely high losses for 4 years. The Senegalese Textile Company is also faced with financial troubles. At the same time, its production is dropping and sales declining.

Since 1979, enterprises that had previously been successful have begun to manifest signs of weakness. These are the TMS (Mechanical Knitting Company of Senegal), the SCT (Cover and Weaving Company) and the Cape Verde Cotton Company (CCCV).

In the face of this situation, the government and manufacturers have drawn up a recovery plan. For the government, it will be a matter, according to LE SOLEIL of Dakar, "of reconciling the interests of SODEFITEX and those of the industrialists, while maintaining employment and seeking long-term solutions for the recovery and development of industries."

For the government, "reconciling the interests of SODEFITEX with those of the manufacturers" means applying a reasonable cotton price that will enable each side to derive a profit. It has therefore increased that price by 16 percent, for it had been far below the world price. However, the government will continue to subsidize cotton for 2 more years. After that time, new discussions will take place based on the evolution of the situation.

Another measure taken by the Senegalese Government is an intensification of the fight against fraud. Together with customs, the National Textile Commission will establish a scale for the main imported products in order to fight the practices of some importers of limiting the amount of duties they have to pay. Overseeing import applications will continue, even be stepped up.

In order to protect the market, certain forms of imports will be ended. It will no longer be possible to import articles found locally unless they come from CEAO (West African Economic Community) nations. Along the same line of ideas, the Ministry of Economy and Finance is in the process of studying the possibility of lowering entry duties and taxes on textile products in order to discourage fraud. The domestic market on which the textile industry seems to have lost a great deal of ground will be revitalized.

Finally, as part of the recovery plan, a typical contract program is included. According to their contract, manufacturers will, at the same time they guarantee jobs, pledge to improve productivity. With government aid, they will renew their infrastructure in order to produce higher quality articles that can penetrate the international market and halt the drop of Senegalese textile exports.

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SENEGAL

BRIEFS

NEW SUDES SECRETARY GENERAL--Madior Diouf, professor of French and African literature at the University of Dakar, has been elected secretary general of the Sole Democratic Trade Union of Senegalese Teachers (SUDES), at the close of the Third Congress of that trade union, held in Dakar at the end of December. Diouf replaces Mamadou Ndoye, inspector of education. The National Executive Board of the union (19 members) also chose all new officers. SUDES is one of the three unions of teachers in Senegal. It essentially draws its members from the eight leftist and extreme leftist parties in the country. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1887, 8 Jan 82 p 78] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

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TOGO

INCREASED COOPERATION WITH KUWAIT ANTICIPATED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1888, 15 Jan 82 p 145

[Text] From 4 to 6 January, Gen Gnassingbe Eyadema, Togolese chief of state, made an official visit to Kuwait, accompanied by a large delegation from the Togolese Government.

During the discussions that took place between the two parties, Togo submitted a number of development projects, including the program to develop Mono, expansion work on the port of Lome, the repair and paving of the transversal Natchamba-Kabou-Awandjelo, Kara-Ketao-Benin border road, with a branch road to Pagouda, and the proposed phosphoric acid plant.

Kuwaiti authorities and the Kuwaiti Development Fund indicated their intention to participate immediately in the financing of some of these projects, mainly the Mono development project and the transversal road project.

In order to speed up the latter, authorities from the Kuwaiti Development Fund asked the Togolese Government to publish notice of the preselection of enterprises and to send to Togo, by the first quarter of 1982, experts to evaluate the project, whose estimated cost is 6 billion CFA francs.

Regarding the Mono development project, Kuwaiti authorities clearly indicated their intention of taking part in the financing of this regional project, which brings together the nations of Benin and Togo. These two countries have decided to develop their common river in order to produce the electric power they need. The cost of the hydroelectric portion of the project is $180 million, or around 60 billion CFA francs.

Regarding the proposed expansion of the Lome port, it would consist of the construction of a second pier that would increase the handling capacity for various types of goods from the current figure of 400,000 tons to some 1.5 million tons.

This project is divided into two sections and work on the first will begin this year. The Togolese Government has asked Kuwait for additional financing for the second portion of the project. Both phases will cost some 16 billion CFA francs.

The fourth project, the phosphoric acid plant, is aimed at increasing the industrial capacity of the OTP (Togolese Phosphate Office). In order to do so, the Togolese Government has decided to begin to work other deposits, which would, in an initial phase, permit the conversion of phosphate into phosphoric acid and, in the second phase, into fertilizer. The total cost of the project, some 75 billion CFA francs, will require the participation of several sources of financing, including the Kuwaiti Development Fund.

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ZAIRE

BRIEFS

COOPERATION WITH ANGOLA--The Zairian-Angolan joint commission met in Kinshasa from 21 to 29 December 1981. Its work led to the signing of two agreements, one instituting the joint grand commission on cooperation and the other dealing with cultural and scientific cooperation between the two countries. In addition, both parties agreed to reactivate the tripartite commission on refugees, which includes Angola, Zaire and Zambia, and to strengthen cooperation in the fields of commerce, fishing, the merchant marine and oil. Lengema Dulia, Zairian secretary of state for international cooperation, and Paulino Pinto Joao, Angolan secretary of state for cooperation, said after the signing of the accords that they were satisfied with progress made during the Kinshasa meeting. They added that the meeting enabled both parties to intensify their dialogue. Another meeting of the Zairian-Angolan grand commission was set for 1983 in Luanda. The precise date remains to be determined. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1887, 8 Jan 82 p 91] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

OIL PRODUCTION--According to a bulletin from Cometra Oil, crude oil production in Zaire's maritime zone, in which the subsidiary Muanda Oil Company has a 17.2-percent participation, has reached an average of 22,568 barrels a day for the months of September to November 1981, compared with 19,987 barrels per day for the first quarter, 18,089 for the second quarter and 20,483 for July and August. Total production for the first 11 months of 1981 amounted to 6,755,547 barrels and production for the entire year is an estimated 7.4 million barrels (average of 20,274 barrels a day), compared with 6,498,000 barrels (average of 17,754 in 1980). This increase essentially stems from an improvement in productivity at the Mibale structure, which is now on the order of 22,000 barrels per day out of a total of 23,600 for the entire maritime zone. The drilling of an initial well in a structure located some 20 kilometers offshore, announced in September as scheduled for mid October, was delayed because of the inavailability of the platform. The most recent information indicates that it would begin at the end of December 1981. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1887, 8 Jan 82 p 91] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

COOPERATION WITH USSR--The Soviet-Zairian joint commission on maritime transport held its third meeting from 23 to 25 December 1980 in Kinshasa, attended by the Zairian secretary of state for international cooperation, Lengema Dulia, and the Soviet deputy minister of the merchant marine, Vladimir Beletsky. As part of the framework of the cooperation agreements linking the two countries for over 5 years, this joint commission, whose previous meeting was held in Moscow in 1980, is entrusted with the task of promoting the operation of maritime connections between the port of Matadi and Soviet ports to the benefit of vessels from the merchant fleets of the two countries. The first meeting, held in Kinshasa in 1979, was essentially devoted to the establishment of solid foundations and the by-laws of the joint commission. The second session, in Moscow, dealt with training and technical questions relating to maritime transport and maritime consultants. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1887, 8 Jan 82 p 92] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

COOPERATION WITH YUGOSLAVIA--According to Kondov Djordji, Yugoslav charge d'affaires in Kinshasa, Yugoslavia, one of the partners in the international consortium Aluzaire, plans to participate in the project to build the high-tension line between Bukavu, Katana and Goma and in construction of the electrical equipment plant financed by the Executive Council. It also plans to help with completion of the construction of a hydroelectric plant in Katende, in Western Kasai. In order to intensify cooperation in this field, Yugoslavia proposes to send experts to the National Electric Company (SNEL) to engage in energy research. In the field of agriculture, Yugoslav cooperation with Zaire concerns corn and soybean production on the Bateke plateau. Construction of a research center for seedcorn production is planned there. Some 30 young Zairians are completing training at Yugoslavia's university and advanced institutes. Several Zairian cadres have already completed training programs there. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1887, 8 Jan 82 p 92] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

GOLD PROCESSING PLANT--Officials of the Kilo-Moto Gold Mine Office (OKIMO) believe that rehabilitation of the Office's gold processing plant is an indispensable investment, not only in order to improve production, but also in order to guarantee the very survival of the enterprise. Cost of the project is an estimated $6 million. OKIMO officials believe that they will be able to cover the financing of the project without outside aid provided the sum allocated to them in foreign exchange is sufficient. Moreover, in their opinion, this problem of foreign exchange is the main difficulty the company faces. Officials also recognize that the Office has never had a medium- or long-term development program and that its administrative management has always been faulty. OKIMO's future therefore depends on an increase in foreign exchange resources, the drafting of a development policy and a fight against fraud and clandestine gold mining. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1887, 8 Jan 82 p 92] [COPYRIGHT: Rene Moreux et Cie Paris 1982] 11,464

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ZAMBIA

BRIEFS

AID FOR MINING INDUSTRY--Following a favorable decision by the steering committee of the EDF [European Development Fund] (MTM of 9 October 1981, p 2549), Zambia is going to get 55 million ecus for SYSMIN [expansion unknown]. The agreement, which was reached after a visit to Zambia by the director of development for the EEC, Mr Maurice Foley, calls for the funds to be used for training and technical projects relating to the copper and cobalt industries, two vital pillars of the Zambian economy. Lusaka should be able to come up with an initial inventory of its needs by February. It will then become the first beneficiary of SYSMIN, which was established as part of the Lome II Convention. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French No 1883, 11 Dec 81 p 3316] [COPYRIGHT: Rene Moreux et Cie Paris 1981] 9516

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