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Study Group for the Development of Africa

Report

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1. FOREWORD - History of the Study Group for the Development of Africa

1.1. The terms of reference of the Group

The terms of reference of the Study Group for the Development of Africa are laid down in Order No. 105, adopted by the Standing Committee of the Consultative Assembly of the Council of Europe on 11th January 1957 as the culmination of a series of steps which are briefly outlined in Appendix I to this Report. The main landmarks were as follows :

the adoption by the Consultative Assembly in 1952 of Recommendation 26, which summarises what was to be known as the 'Strasbourg Plan'; this Recommendation suggested the adoption of measures to promote the economic development of the whole area formed by the countries of Western Europe and the overseas countries, territories and dominions, which have constitutional links with them;

the adoption by the Committee of Ministers of the Council of Europe in 1954 of the principle that " the policy of European integration entails, as a corollary, co-operation... between the metropolitan Powers, the overseas countries which have constitutional links with them and the other member countries of the Council of Europe ";

the adoption in 1955 by the Standing Committee, acting on behalf of the Consultative Assembly, of Order No. 77 instructing the Secretary-General to set up a group of independent experts whose job it would be to submit any new proposals likely to encourage the economic and social development of Africa through co-operation on an equal footing within a Eurafrican Community;

the adoption by the Standing Committee on 11th January 1957 of Order No. 105, which replaces Order No. 77 and constitutes the final terms of reference of the Study Group for the Development of Africa. This Order reads as follows :

" The Standing Committee,

Considering that the evolution of the political situation in Africa necessitates the revision of Order 77 which it adopted in July 1955,

Accordingly cancels the said Order and in substitution therefore instructs the Secretary-General to set up a group of independent experts, comprising nationals of member countries of the Council of Europe (whether or not they have responsibilities in Africa) and of African countries, likely to be interested in the study of ways and means of promoting the economic and social development of Africa.

The group of experts should submit proposals designed to encourage and accelerate the economic and social development of Africa and to raise the standard of living of the African peoples, in the interests of the prosperity both of Africa and of Europe, through co-operation on an equal footing between the African countries and the member countries of the Council of Europe. In that connection, the group should re-examine the measures advocated in the Strasbourg Plan and in the reply by the Assembly to the comments made by O. E. E. C. on that Plan. "

1.2. The meetings of the Study Group

The Study Group for the Development of Africa held a first meeting in Strasbourg from 20th to 22nd November 1956. A second meeting took place, also in Strasbourg, from 23rd to 26th April 1957.

The first meeting, in which participation was limited, adopted¹ on the basis of a working document drawn up by the Secretariat, a " Preliminary Statement", which was presented by the Secretary-General to the Third Part of the Eighth Session of the Consultative Assembly in an " Interim Report "². This " Preliminary Statement ", the main terms of which are reproduced in this Final Report, determined, with the framework of the Group's terms of reference, the plan and guiding lines of its future work and indicated the objectives to be attained, the general principles of a joint effort to be undertaken by the European and African countries and the various means to be employed. The Group decided to hold its second meeting with a wider participation at the end of April 1957. In the meantime, it instructed three small working parties to prepare, with the help of the Secretariat, memoranda on problems relating to external financing, the development of local savings and African external trade.

At its second meeting, from 23rd to 26th April 1957, the Group first of all considered the effects upon its work of two new factors which had emerged since the first meeting. One of these was the signing in Rome, by the six member countries of the Coal and Steel Community, of the Treaty instituting a " European Economic Community", with which are associated the countries and territories having special links with the member countries; and the other was the decision of the OEEC Council to enter into negotiations with a view to setting up a European Free Trade Area embracing the European Economic Community and the European countries which are not Members of the Community. Considering the rapid development of these projects, the Group decided not to await the elaboration of its final report before informing the Consultative Assembly of its views, and adopted a " Second Interim Report "³, which was presented to the Assembly during the First Part of its Ninth Session (from 29th April to 4th May 1957). On the basis of the working documents submitted to it, the Group then determined the main lines and conclusions of its Final Report.

1.3. Composition of the Study Group

The Study Group is composed of independent experts, European and African, who serve in a purely personal capacity. The name of each member is followed by that of the country of which he is a national.

1. European Experts :

M. L. Bourcier de Carbon (France), Professor of Political Economy at the University of Nancy and at the Ecole Nationale de la France d'Outre-Mer; former economic adviser to the Caisse Centrale de la France d'Outre-Mer.

M. C. Carbonnelle (Belgium), Head of the Research Department of the Banque Centrale du Congo belge et du Ruanda- Urundi.

M. A. Gaitskell, c. M. G. (United Kingdom) , Member of the Colonial Development Corporation, the Tanganyika Agricultural Corporation; former Chairman and Managing Director of the Sudan Gezira Board and member of the " Royal Commission on East Africa ".

M. E. Miksch (Federal Republic of Germany), Dr. Ing. Former director of the Unterharzer Berg- und Hüttenwerke (mines and smelters) at Goslar; owner of Erwin A. J. Miksch (ores, metals and chemicals) at Düsseldorf; member of the Board of Directors of Otavi Minen- und Eisenbahn Ges. at Frankfurt-on-Main.

M. P. Rykens (Netherlands), Former Chairman of Unilever N. V.

G. Ceriani Sebgondoni (Italy), Doctor of Law; in charge of foreign relations, technical assistance and social problems affecting the development at " SVIMEZ " (Association for the Development of Industry in Southern Italy) ; Italian delegate to the group of experts for the association of overseas territories with the European Common Market.

2. African Experts :

1. As explained in Appendix I

2. [Doc. 641](#).

3. [Doc. 647](#)

M. O. Arikpo (Nigeria), Fellow in Anthropology at the West African Institute | of Social and Economic Research at Ibadan; former member of the Nigerian Government (Minister of Land and Local Development and later Minister of Land, Mines and Power).

M. R. Bolamba (Belgian Congo), Journalist, former editor of *La Voix des Congolais* ; now attached to the Private Office of the Minister for Colonies at Brussels.

The Reverend A. Kagame (Ruanda-Urundi), Doctor of Philosophy; corresponding member of the Académie Royale des Sciences Coloniales de Belgique ; associate research fellow to the Institut de la Recherche Scientifique en Afrique Centrale, member of the Conseil général of Ruanda-Urundi.

M. Tshekedi Khama (Bechuanaland), Former Chief Regent of the Bamangwato Tribe; member (for the Protectorate of Bechuanaland) of the Joint European and African Advisory Council and the Livestock and Meat Industries Advisory Board.

M. A. Lawrence (French Guinea, French West Africa), Member of the Economic Council of the French Union.

M. J. Ninine (French Cameroons), Member of the Bar at the Duala Court of Appeal ; Deputy for the Cameroons to the French National Assembly and Chairman of the Commission des Territoires d'Outre-Mer of that Assembly.

Despite the interest shown in the Group's work by various African countries such as Ghana, Morocco and Tunisia, it was not possible for these countries to appoint representatives to take part in the second session of the Group; the Moroccan Government sent an official observer, however, in the person of

M. Abdeslem Bcnai'ssa, Moroccan Consul at Bordeaux.

3. Members of the Secretariat-General who have taken part in the work of the Group :

Mr. D. Curtis, Acting Secretary-General,

Mr. G. Nelson, Counsellor, Head of the Economic Division,

Mr. A. McNulty, First Secretary,

Mr. U. Kitzinger, Secretary (up to 1956),

M. E. Lucas, Principal Administrative Officer and Secretary of the Committee of Overseas Territories at O. E. E. C, temporarily attached to the Council of Europe.

4. Conduct of proceedings and Secretariat

The Study Group did not appoint a Chairman but entrusted the conduct of proceedings to Mr. G. Nelson.

Mr. U. Kitzinger and later (as from 1st January, 1957) M. E. Lucas served as Secretary to the Group.

2. REPORT of the Study Group for the Development of Africa

2.1. Introduction

Object of the Report

Despite the differences, often considerable, between the countries which it comprises, the African Continent may, as a whole, be classified among the under-developed areas of the world. The development of these countries at a satisfactory pace and the improvement of African living conditions will require vastly more capital and technical skill than can at present be found in Africa itself or be supplied by the individual European countries having responsibilities there, i.e. the United Kingdom, France, Belgium, Italy, Portugal⁴ and Spain⁵.

4. Not a Member of the Council of Europe but a Member of O. E. E. C.

5. Not a Member of the Council of Europe but a participant in the work of the agricultural bodies of O. E. E. C.

The countries of Western Europe, however, have between them resources which could contribute greatly towards the fulfilment of African requirements. Moreover, they have special reasons for being interested in the development of this neighbouring continent with which they have had relations for centuries and whose economy is to a large extent complementary to their own.

It is in the reciprocal interest of the African countries, whether independent or not, to undertake a better organisation and expansion of their relations with Western Europe.

The impossibility for European countries with special responsibilities in Africa to increase their contribution to any appreciable extent, together with the present-day political evolution of Africa, as reflected in the independence gained by several countries and the increasing autonomy being achieved in many others, raise the question of introducing certain changes in the relations between the traditionally contributory countries (metropolitan or former metropolitan Powers) and the receiving countries, as well as of extending the role played by European countries without any responsibilities in Africa.

The task of the Study Group for the development of Africa is thus to determine how far a joint effort by Europeans and Africans can meet African requirements and also serve the economic and social interests of the European peoples themselves.

The terms of reference given to the Study Group under Order No. 105 of 11th January 1957 relate to co-operation between the African countries interested in this question and member countries of the Council of Europe but should in no way be interpreted in a too restricted manner; it does not, for instance, in the least imply that other countries (for example, European countries like Switzerland and Portugal and non-European countries like the United States, Canada and India) could not take part in the joint effort—or that assistance and co-operation within the framework of the United Nations and other international organisations, particularly the Commission for Technical Co-operation in Africa south of the Sahara (C. C. T. A.) would be excluded. The Group considered that, on the contrary, the closest association should be established with the work in this field of these countries and organisations and that the measures proposed by it should supplement though not necessarily supersede the work already undertaken or about to be undertaken.

In other words, the Study Group has endeavoured to devise a system of international co-operation for the development of Africa built around collaboration on an equal footing between the African countries and the member countries of the Council of Europe; this nucleus could be joined by other countries in Europe and elsewhere desirous of contributing to this development and would take into consideration the assistance provided by existing national or international institutions.

General Principles

According to the Study Group, the following should be considered to be the basic principles underlying a joint effort⁶:

- a. Whilst such a joint effort should be to the advantage both of Africa and of Europe, it should be guided by the fundamental consideration that, in the long run, it is the rise in the standard of living of the peoples of Africa which must provide a main yardstick for measuring its success.
- b. African economic development up to the present time has in large measure taken place under non-African auspices. Future economic developments both of existing and new activities should promote dynamic indigenous economies.
- c. The building of a modern economy calls for effective participation by Africans and, at the same time, for the training of African staff, at all levels, to enable them ultimately to assume responsibilities.
- d. The effect upon local society of any development plans should be given as much consideration as profitability and economic efficiency, so as to promote the harmonious adaptation of social structures.
- e. Although the terms of reference of the Group are directed to economic and social development, it is obvious that political conditions in any country will affect and be affected by such development and must be taken into consideration.
- f. Co-operation on a basis of equality between the African and the European countries is fundamental to the planning concerned; while the present initiative has come from the European side, views, requirements and preferences should in the future be the subject of joint consultation between Europeans and Africans.

6. In the present text the words " joint effort " denote the above-mentioned system of international co-operation.

The above-mentioned general principles of a joint effort for the economic and social development of Africa must be implemented within a framework adapted to the diversity and the evolution of the political situation in the African countries. The differences, in some respects profound, between the participating countries, both African and non-African, should not be allowed to hamper the real possibilities of intra-African and international co-operation in the financial, technical, scientific and commercial spheres, although they doubtless compel the introduction of gradual and varied methods of collaboration with and between the different African regions. In other words, the responsible Governments of the African countries, whilst following their own policy in connection with national development, maintaining their national structures and making, if necessary, changes to meet new circumstances, should be given the possibility of pooling their respective experience to make the best use of African resources and external assistance. The joint effort aimed at assessing and, as far as possible, meeting African requirements of capital, techniques and technicians, capital and consumer goods should take the form of joint consultations concerning national or local development programmes.

The chapters that follow will deal successively with :

- the preparation and joint examination of national development programmes;*
- external financing;*
- technical assistance;*
- immigration ;*
- the organisation of commercial relations and markets.*

2.2. Preparation and joint examination of National Development Programmes

National programmes

The economic growth of the underdeveloped countries, which is one of the basic problems of the modern world, calls for the simultaneous introduction of a comprehensive set of measures involving investments, public and private, remunerative and non-remunerative, and economic and social. Such investments have always formed inter-related parts of economic development plans. In our day, however, when the main emphasis is placed not so much upon profit as upon an increase in the social product, the part played by public capital has become progressively greater. Moreover, this new conception requires purposeful action on the part of the responsible public authorities which, in the light of the economic and social structure of the country concerned, must not only determine the process of development of the local population towards higher standards of living and towards the formation of dynamic indigenous economies, but also take appropriate measures for this purpose. To do this they need not only investments, but also a thorough knowledge of local resources and conditions and an active concern in general and technical studies, scientific research, pest and disease control, education at all levels, the organisation of markets and the utilisation of local produce, the organisation of credits and savings, the dissemination of improved production methods, the organisation of co-operatives, etc.

In preparing these measures the competent public authorities should be able to benefit from experience gained elsewhere and from an extensive exchange of information and specialists; this is a question of technical assistance and will be examined later on in this Report⁷.

National development policy and the measures required to implement it cannot be carried out without adequate executive organs set up by the national administrative authorities, and its fulfilment is contingent upon the resources necessary to the development programme, such as capital, technicians and equipment being available. These factors play a very important part in limiting development. In particular, it must be strongly emphasised that the country in the process of development must, above all, have efficient public services. In some African countries the main effort should perhaps be made in this direction; these countries have particular need of external technical assistance in connection with the training of civil servants and the organisation of administrative services.

7. See Chapter IV.

With regard to the resources required for carrying out the projects included in the programme, the African countries will depend, to a varying but still substantial extent, on external assistance in the form of capital, technicians and equipment until such time, still remote, as the degree of economic development, the volume of local savings, the standard of education and vocational training at all levels are sufficient for these countries to take full charge of their own future development.

The elaboration of a development programme involves highly complex studies bearing upon the basic conditions required for its implementation, the assessment of its cost in the light of domestic inflationary tendencies and the deterioration of the balance of payments brought about by large-scale investments, the assessment of available local resources and of the external aid required and the medium and long-term economic, financial and social effects of this programme.

In order to co-ordinate and centralise all the work of preparing a national development programme, it would seem advisable for each country to have a specialised public service referred to hereinafter as a "Development Agency", which would also be responsible, under Government control, for external relations, in particular with the organs concerned with the carrying out of the "joint effort" which is the object of this Report. Any technical assistance required for the elaboration of this programme would be granted to the "Agency" as such, thereby rendering such assistance more effective.

General survey of African development programmes

The first stage of a joint effort would be to bring together the national programmes of the African countries and establish, as it were, a comprehensive inventory of the capital, technical assistance and capital and consumer goods required for a given period of, say, five years. On the one hand, any much shorter period would impede effective action; on the other hand, the rapid changes in the modern economic and political scene require considerable flexibility and periodic re-evaluation.

This inventory would bring out the problems raised by the economic and social development of Africa while allowing for differences in the situation and the economic, political and social development of the various African regions. It would be based on the national programmes of the participating countries⁸ (or on the plans or groups of projects which stand in lieu), and upon the joint examination of such programmes so as to take into account the experience and views of each country. Provision should therefore be made for convening, from time to time, conferences at ministerial level at which the Governments concerned would take part on an equal footing (cf. the Consultative Committee of the "Colombo Plan").

The mere confrontation of the various national programmes will probably reveal the gaps, overlappings, incompatibilities and supplementary possibilities that these programmes may contain and will no doubt stimulate the responsible authorities of each country to undertake the necessary modifications.

Different categories of projects included in the programmes

The primary purpose of the development programmes is to raise to standard of living of the populations and to develop the various sectors of the countries concerned otherwise and at a different pace than would be possible by the spontaneous evolution of the present situation.

The projects constituting the programmes traditionally fall into three categories, namely :

unremunerative projects : research, health, education, etc.;

infrastructure projects : transport and communications, energy, improvement of methods of cultivation, etc.;

remunerative projects : agriculture, handicrafts, industry.

This classification is useful from a practical point of view both when calculating the costs of a particular development programme and comparing them with the additional resources expected to result from its fulfilment, and when determining the nature of the funds used to finance the projects.

Indeed, while from the standpoint of an under-developed country the problem of external financing is considered essentially in relation to its bearing upon the equilibrium of the balance of payments and the burden of indebtedness abroad, it remains true from the standpoint of lenders that the provision of capital is

8. "Participating countries" should be understood as denoting the African and European countries taking part in the joint effort; but they also include other countries which might wish to contribute at a later date (see above : Introduction at the end of the section entitled "Object of the Report").

normally conditioned by the type of investment. Private capital on the lookout for profitable outlets prefers to invest in commercial enterprises where it can retain powers of control and direction. Loans from foreign Governments and international organisations are generally granted for specific projects (social and infrastructure) of direct interest for the economic expansion of the borrowing country. Hence, grants are made primarily for unremunerative social projects.

There is, however, no clear dividing-line between the various types of investment; one merges imperceptibly into the other. In particular, the category of infrastructure investment forms a bridge between the two others. Thus, it is not possible to separate infrastructure projects of uncertain or very remote productivity from unremunerative social investment; equally, it is impossible to distinguish between immediately profitable infrastructure investments and remunerative investments. Still, there are infrastructure projects of a somewhat distinctive character, namely, economic projects of general interest which are directly linked to productive activities and which are themselves productive to a limited extent. Such projects may induce private capital interested in related remunerative undertakings to contribute to their financing jointly with the public authorities and to share with them in the administration and control of the projects, to the extent allowed by considerations of public interest.

Interdependence of the different categories of projects and of their constituent elements

As has already been said at the beginning of this chapter, the modern policy of accelerated development calls for simultaneous implementation of all categories of projects; consequently, a development programme should, in principle, consist of a complex series of different kinds of projects and economic policy decisions which will enable a balanced co-ordination to be achieved, as is desired by the responsible authorities. Moreover, each project has various features (capital, labour and equipment) which should all be put into operation simultaneously; otherwise its execution may be impeded and the whole programme have to be overhauled.

Hence, the questions of financing, technical assistance and commercial organisation are closely interdependent and should be treated as a whole by the appropriate organs. This point will be taken up again in the conclusions of the present report after all the relevant questions have been examined in turn.

2.3. External Financing

Local savings and external financing

The shortage of domestic capital is one of the main obstacles to the fulfilment of programmes for the more rapid development of the African countries. As the vast majority of Africans have no margin above the subsistence level, both private savings and taxation produce inadequate yields. There ensues a kind of vicious circle : economic development cannot proceed because the rate of savings is inadequate and saving does not take place because there is insufficient development. The traditional method of breaking this vicious circle is that of injecting foreign capital which, to a varying extent, makes it possible to supplement resources earmarked for development and to cover balance of payment deficits, until the level of the national product is high enough to provide the African countries with sufficient local resources to take full charge of their own future development.

The increase in productive local savings is one of the factors which help to stimulate the confidence of foreign investors, since it is generally a sign of sound economic expansion. However, local savings in Africa still depend essentially on public authorities and on undertakings built up with external capital. Indeed, in these countries, the standard of living of the mass of the population is so low that any increase in individual income is almost entirely spent on increased consumption; saving commonly takes the form of hoarding or setting money aside for unproductive purchases; only rarely are savings devoted to productive investments. Thus, so long as individual incomes remain low and until the habit of productive saving has become sufficiently widespread, the public authorities must largely assume responsibility for local investments by making appropriate levies on the national product. At the same time, the importance of savings made by major non-indigenous undertakings which in many regions of Africa make a considerable direct contribution to productive investments, infrastructure investments (often in co-operation with the public authorities) and even unremunerative investments (by loans to Governments, etc.), should not be underestimated.

To sum up, and apart from any other consideration, foreign lenders will be all the more inclined to lend capital to a country if that country can offer evidence that available local resources, whether public or private, indigenous or otherwise, are used as far as possible to promote national economic development and do not tend to leave the country.

Creation and maintenance of an atmosphere favourable to investment

The creation and maintenance of conditions favourable to investment must accordingly be regarded as a major concern of the African and other countries participating in the joint effort. It is important to remove any prejudice felt by the countries for which the capital is destined, whatever the form in which that capital may be offered (loans, participations, grants-in-aid), as well as to convince investors that the future of their investments will not be endangered by authoritarian action.

The main difficulty is to find ways of co-operation that meet such cogent and legitimate but apparently incompatible requirements as, on the one hand, the desire of the African countries to control their own economy and to reserve for their nationals the exploitation of national resources and, on the other hand, by the desire of foreign investors to safeguard their interests with powers of control and management commensurate with their investments and to obtain maximum profits for themselves.

It is therefore necessary that at any conferences between the countries participating in the joint effort and in the joint permanent institutions the various types of economic activity should be reviewed, and for each of them an effort should be made to devise methods of co-operation which have regard, on the one hand, to the views of recipient African countries as based on their national policy, legislation, customs and degree of evolution and, on the other hand, to the preoccupations of investors as to the use and control of their investments and profits.

In particular, it would seem desirable to prepare in the near future an Investment Statute defining the rights and duties of investors and borrowers, the conditions for aligning fiscal legislation (in order, for instance, to avoid double taxation), and any other conditions contributing to the creation and maintenance of an atmosphere favourable to foreign investment. This statute should be based on the work already done by, inter alia, O. E. E. C. and the International Chamber of Commerce. The latter organisation has proposed the establishment of an International Code on the Fair Treatment for Foreign Investments, some of whose provisions may, however, have to be revised in order to ensure that local savings shall play their proper part and to counter any fears of domination for which large-scale investment might offer possibilities.

Sources of external financing⁹

There are five such sources :

assets abroad (private and public);

funds invested in private firms by foreign private investors (direct investments);

funds invested in African Government securities by foreign private investors (loans floated on the money markets);

funds provided by international organisations (multilateral financial assistance);

funds granted by Governments to African Governments (public bilateral assistance).

From the practical angle, it is interesting to note that unremunerative projects may be financed by public assets abroad, by loans on the financial market (portfolio investments) and by bilateral assistance; infrastructure projects can avail themselves of the same sources and can also obtain loans from international organisations; productive projects are usually financed by private direct investment but can also benefit from any of the other sources if undertaken by the public authorities.

Assets abroad

Some African countries have considerable assets, — one thinks particularly those of British West Africa in London, if the assets are held on public account they can only be mobilised to the extent permitted by the special purposes for which they are held and the economic situation of the holder country. If they are held on private account they are on a similar footing (except for possible requisition measures) to the private foreign capital discussed in the next paragraph.

9. See Appendix II.

In any event, foreign assets are a part of national resources and do not, therefore, count as external aid.

Foreign direct private investments

These are a traditionally important source of external financing to the under-developed countries. The question that presents itself today is whether the African countries are in a position to offer private investors, on a basis of confidence and security, more profitable openings than those arising in the countries of origin or more generally in the industrialized countries of America and Western Europe. It is only on those terms that the movement of capital towards Africa is likely to increase. No doubt, the general shortage of capital and, especially, the many attractive openings arising within the countries of origin limit the flow of capital towards Africa. However, neither the importance nor the size of this external contribution should be underestimated; the latter depends not only on the availability of attractive openings, which should be extended as the development programme progresses, but also on confidence in the political, economic, financial and social development of the particular African country and the local treatment of foreign investment.

Here is an urgent task connected with the joint effort for the development of Africa, a task devolving upon the international conferences and permanent institutions set up to implement that joint effort. This question has already been mentioned above under the heading "Creation and maintenance of an atmosphere favourable to investments".

Nevertheless, however favourable the atmosphere created, there are always a number of non-commercial risks which are beyond the control of the borrowing country, particularly in the less developed countries (political disturbances, shortage of foreign currency for settlement of external debts, etc.). Hence, it would be desirable to institute in respect of certain private investments in Africa an intergovernmental system of insurance against such risk¹⁰, under which the lender would pay a small premium. This might take the form of a fund with a relatively low basic capital contributed by the countries participating in the joint effort and by the above-mentioned premiums. The fund would be collectively guaranteed by the participating countries. (See pp. 27 and 28, Sub-section headed : Creation of a Guarantee and Financial Assistance Fund).

Loans raised on foreign money markets

Portfolio investments used to play an important part in the past partly because of the abundance of capital on the markets of the industrialised countries, and the low rates of interest. In recent years, however, there has been a marked change in the situation.

There is less capital in search of investments, interest rates are higher, and the African countries, generally speaking, receive less attention from investors than do the more developed countries or certain international bodies such as the International Bank for Reconstruction and Development (I. B. R. D.). It is, however, important that this form of financing should be revived as under this system private capital contributes to development without subjecting borrowing countries to a control of the use of those funds, provided, of course, that these countries inspire sufficient confidence. Hence, the countries participating in the joint effort should arrange to guarantee collectively loans raised by the African countries on foreign money markets, to facilitate subscriptions to these loans on their national territory and, perhaps, even to guarantee the subscription of a given part of the loan by their respective nationals. The decisions concerning the granting of these guarantees and methods of applying them would be prepared by the body set up for the implementation of the joint effort and adopted at the periodical conferences already mentioned.

Nevertheless, the borrowing countries may be somewhat reluctant to have recourse to international financial markets on account of their high rates of interest. Service charges in respect of such loans at commercial rates may cause them to avoid this source of funds, particularly if they are faced with balance of payments difficulties. It would be regrettable if these considerations were to prevent the African countries from taking advantage of the private capital available on the market and cause them either to abandon certain projects, which might seriously slow down their rate of development, or to increase their demand for external public capital available on non-commercial terms. Hence, as part of the joint effort, it would seem desirable to institute for certain loans raised on the money markets a system of allowances designed to reduce interest charges. Such a system which would not require any considerable funds could substantially increase the

10. Such guarantees have already been provided in certain cases by individual Member Governments (Germany, Belgium, France, United Kingdom) in connection with export credits, (c/. O. E. E. C. 1951. Intra-European Investments : paragraphs 77 to 79).

borrowing capacities of the African countries at relatively small cost. There could be set up for this purpose a Fund which would receive, at regular intervals, contributions from the participating countries assessed on an agreed basis. (See p. 27 for more specific proposals in this respect).

Financing by international organisations

immediately after the end of World War II this type of financing enjoyed considerable popularity which is still far from being exhausted. Ambitious schemes were set on foot; but the hope of raising considerable capital amounts in this way has largely vanished. The only world-wide organ set up was the International Bank for Reconstruction and Development (I. B. R. D.) to which an agency, the International Finance Corporation (I. F. C.) was added in 1956. The Special United Nations Fund for Economic Development (SUNFED), planned since 1951, to which it had been intended to make an annual contribution of 5,000 to 10,000 million dollars, has not yet been set up, albeit the proposed total of contributions has already been reduced to only 250 million dollars, to be contributed optionally by the participating countries.

The lack of world-wide institutions has led to a large number of proposals to set up regional institutions which, it is thought, would be more likely to attract funds. As far as Europe and Africa are concerned mention may here be made of the " European Investment Bank " proposed under the Strasbourg Plan, the " Fund for the development of Southern Europe ", " the European Investment Bank " to be set up under the Treaty instituting the European Economic Community and the EEC. " Fund for the development of overseas countries and territories ", also to be set up under that Treaty. None of these projects has yet materialised. The Treaty instituting the European Economic Community (E. E. C.) was, however, signed in Rome on 25th March 1957, and, when ratified, the Bank and Fund provided for therein will be established.

The existing or proposed international financing organisations are, as regards the nature of their operations, of two kinds; first, the banks which lend money on commercial terms from the resources of their original capital and their operations on the money market (I. B. R. D., I. F. C, European Bank, etc.), and, secondly, the investment funds, which receive regular contributions enabling them to make grants and loans at non-commercial rates (e. g. SUNFED, and the EEC " Fund for the development of overseas countries and territories.")

The I. B. R. D. created in 1944, provides fixed-interest loans (at 3 1/2 to 5 %) for its Members or their overseas territories. Its assets are derived from its Members; subscriptions, about 9,200 million dollars, of which 20 % (i.e. about 1,850 million dollars) have been subscribed in gold or dollars (2 %) or in the national currency of the subscriber (18 %). The latter amount, 18 %, may be lent only with the consent of the country whose currency is involved. As at 31st December 1956, only 950 million dollars had been released. Thus, at that date the amount of subscriptions that could be lent amounted to about 1,150 million dollars. In addition, the Bank had also borrowed 850 million dollars in the form of bonds issued in the United States, Switzerland, Canada, the United Kingdom and the Netherlands. To this should be added 650 million dollars (in round figures) from the re-sale of loans, the repayment of loans and sundry earnings.

At 30th June 1957 approved loans totalled 3,000 million dollars, of which slightly less than 350 million dollars represented loans to African countries. Since it is unlikely that the full 18 % of subscriptions will be released, the loan capacities of the Bank largely depend on the loans which it can raise in the market, re-selling debentures and on the sums it obtains from the repayment of loans and from sundry earnings.

The I. B. R. D. lends money to Member States or to private undertakings provided they are guaranteed by the Government of a member country. Generally speaking, loans are provided only for specific purposes (mainly infrastructure projects in the under-developed countries, and the Bank ensures that they are not devoted to other purposes and that the borrowing country remains on a position to repay them.

To sum up, the contribution which the Bank could at present make to the African countries appears to be limited by the following factors :

The bank lends to its members only (Morocco and Tunisia, in particular, are not yet members);

It depends upon the money markets¹ (issue of bonds and sale of debentures) for most of its additional resources;

It has world responsibilities and has already received a large number of applications for loans, among which a selection must be made;

It is bound to demand very firm guarantees from its borrowers so that its financial standing on the money market may be unquestioned and that it may be certain of recovering the money it has lent.

The I. F. C. was set up in July 1956, to operate in conjunction with the Bank. Its purpose is to supplement private investment in the financing of enterprises which could not be founded without such aid. The Corporation has an authorised capital of only 100 million dollars and, in view of its worldwide responsibilities, cannot be expected to undertake substantial investments in Africa.

The I. B. R. D. and the I. F. C. are the only two banking organisations of the type which would be capable of assisting Africa. In view of their limited funds, it was already proposed in 1952, in connection with the Strasbourg Plan, that there should be set up a European Investment Bank similar to the I. B. R. D., which could by virtue of its regional and non-national character raise substantial capital for the development of Africa. This scheme is as desirable as ever, despite the present shortage of capital and the considerable demand in Europe. If such a Bank were set up it could also administer the proposed insurance fund against non-commercial risks and operate the proposed system of guarantees for loans raised by African countries on the money market.

As yet there is no international organisation providing grants and loans on noncommercial terms. SUNFED, already mentioned, would have at its disposal only very limited funds, of which but a part could be invested in Africa. However, in view of the political evolution of that Continent it would appear to be essential in this connection to provide for a multilateral financing system which would supplement the traditional bilateral aid and, if necessary, ultimately take its place. The six European countries which have signed the Treaty instituting the E. E. C. have envisaged the setting up of a Development Fund to assist overseas countries and territories having special links with them, but this Fund embraces only six European countries and <a part of Africa; hence, there is still a gap to be filled if all the member countries of the Council of Europe are to be associated with all the African countries in a joint effort of economic expansion.

This gap could be filled by an African Investment Fund which would act as a central agency for non-profit making investments and certain infrastructure investments. It has been suggested that this Fund's resources might consist of :

basic contributions from all the participating countries, in certain proportions and on terms to be agreed in respect of each country;

annual contributions from the European countries representing agreed percentages of their total trade (import plus export) with the African countries. In any assessment of these contributions account should be taken of the efforts made individually by the countries which already have responsibilities in Africa.

On the basis of these contributions the Fund could make grants or long-term or indefinite- term loans, free of interest (the loans might according to circumstances be wholly or partly converted into grants). It might even grant the above-mentioned allowances in order to reduce the charges in respect of loans raised by African countries on foreign money markets.

To conclude, in view of the inadequacy of existing organisations and those in process of being set up, the advisability is being considered of establishing a Bank and a Fund which would supplement, but not supersede, existing sources of financing for the development of Africa and whose activities would have to be closely co-ordinated within the framework of the joint effort. At the same time the two institutions would have the joint task of creating and maintaining an atmosphere favourable to investment and satisfactory conditions in Africa.

Bilateral public aid

The bulk of the public development resources obtained by the African countries from abroad during the past few years has been received under a system of bilateral relations, i.e. 700 million dollars out of an annual total of some 1,000 to 1,100 million dollars, of which a further 200 to 300 million took the form of direct private investments, 100 million portfolio investments and 25 million dollars of loans granted by the I. B. R. D.; these are average figures for the years 1952-1955¹¹. It should, however, be noted that the European countries with responsibilities in Africa supplied more than nine-tenths of this aid (about 635 million dollars), the difference, being made up almost solely by the United States.

Even if the contributing countries show a preference for private financing (either direct or by subscribing to Government loans), there would still appear to be room for a public effort on the part of European countries without overseas commitments, which might be carried out simultaneously under the multilateral system of the

11. See Appendix II.

proposed Investment Fund and under the bilateral system. Indeed, according to the modern view of development policy which is not limited to normal trade prospects, external aid cannot be solely of a private nature or provided on commercial terms.

If the African Investment Fund cannot be set up, this will be an additional reason for inducing European countries without responsibilities in Africa to make a public effort on a bilateral basis. In any event, therefore, it appears essential to introduce a system designed to facilitate the conclusion of direct agreements on the basis of negotiations between the two Parties concerned, originating in joint consultations on the problems of development. This system, which would be closely patterned on the Colombo Plan, should be that proposed at the beginning of this report and should entail the joint examination at periodical conferences of the participating countries of the national plans submitted by the African countries in connection with their economic development.

This method would by its flexibility avoid interference with the sovereign decisions of the parties concerned and would at the same time represent an important step towards an economic construction based on a community of views.

Conclusions on the problem of external financing

Among the problems raised by the economic and social development of Africa, that of external financing is one of those where co-operation among the countries participating in the joint effort is likely to be the most effective. Collective measures to intensify the flow of capital to Africa must therefore be regarded as a major concern.

In particular, it is important to establish and maintain an atmosphere favourable to investments by removing any prejudice felt by the African countries for which the capital is destined, whatever the form in which it is offered, and by convincing investors that the future of their investments will not be endangered by authoritarian action.

This desire for co-operation should also take the form of establishing machinery or institutions likely to encourage offers of capital. It is in this context that one must view the setting up of an African Bank and Investment Fund, both of which would supplement, but not supersede, the existing sources of external financing, for it would be regrettable if the creation of financial institutions of this kind were to be delayed owing to the present scarcity of capital and the considerable financial requirements of economic projects in Europe. Any difficulties caused by the establishment of these two institutions should, however, not be allowed to impede or even retard the carrying out of the "joint effort", for there are a number of measures which should be taken without delay to encourage the investment of foreign capital in Africa. These measures would fall into three main categories :

1. Creation of a Guarantee and Financial Assistance Fund open to subscription by all participating countries. This Fund, which would be on a comparatively small scale, would have the advantages of giving practical proof of the wish for joint action and of paving the way for new measures intended to expand that action. Despite its small resources, the Fund could cover a wide field :

insuring certain private investments, on payment of a premium, against non-commercial risks;

providing a collective guarantee by participating countries to cover loans raised by African countries on the money markets or obtained from international credit institutions;

providing for a guarantee by non-African participating countries to subscribe to loans raised by African participating countries.

These three tasks would normally fall to the Investment Bank if it should be created. The Guarantee Fund would also be assigned the following tasks which would normally devolve upon the Investment Fund :

granting to African Governments allowances for reducing interest charges in order to enable the latter to borrow on the money markets on commercial terms with a view to socially beneficial investments;

financing of technical assistance expenditure which would not otherwise be covered.

The assets of the Fund would consist of the following :

initial capital, only part of which need be paid up at once, subscribed by all the participating countries on a basis to be determined ;

premiums paid by investors for insurance against non-commercial risks;

periodical contributions made by non-African participating countries to cover allowances designed to reduce interest charges and certain technical assistance expenditure

2. Preparation of an Investment Statute in respect of investments carried out by all the countries participating in the joint effort, defining the rights and duties of investors and borrowers and the conditions for aligning fiscal legislation and dealing, generally speaking, with all measures designed to establish and maintain conditions favourable to investment in Africa.

3. Revising a method of co-operation designed to facilitate the expansion of external financial aid, both public and private, similar to that already successfully tested by the organisation known as the "Colombo Plan" and based on the joint examination of the national development programmes submitted by the African countries. Regular and sufficiently frequent joint discussions between all the participating countries would make it possible to determine the nature and the amount of the requirements of African countries, ascertain the problems raised by their development, devise suitable methods for their solution and, lastly, co-ordinate to some extent the programmes for the development of Africa and the assistance policy of the contributing countries. This method would also facilitate the conclusion of direct agreements by way of bilateral negotiations.

The value of the foregoing proposals would seem to increase as the African countries attain a self-governing or independent status and are obliged to set up new constructions to replace some of their previous economic and financial connections. Without suitable action these countries will be confronting a void which existing institutions seem unlikely to be able to fill. They are thus in danger of finding it difficult to maintain their capacity for expansion or even their present standard of living — which would in the long run operate to the detriment also of European economic expansion.

2.4. Technical assistance

General

The "development programme" of a country will, in principle, have been studied beforehand and approved both as suitable in the context of economic and social expansion policy being pursued and as materially and technically feasible. This implies that projects will be adapted to the immediate situation of the country concerned and that the goods and services needed to put them into effect will be obtainable locally or abroad. Since the rate of expansion largely depends on the scope offered to enterprise, the underdeveloped countries must make it one of their first concerns to do their utmost to solve the structural problems required for the improvement of local conditions. The African countries could, however, hardly succeed in this within a reasonable period if they could not call upon external technical assistance; and in the final analysis, such assistance may well be one of the essential contributions of the European countries to the development of Africa — and perhaps the most important of all.

Such technical assistance has a threefold function : first, to make good the shortages of the African countries in the various sectors of the national effort: administrators, research workers, experts, technicians, etc.; secondly, to help to train Africans to assume their proper responsibilities in the various sectors of the national economy and to promote the general education; thirdly, generally speaking, to introduce the African countries to techniques, methods and materials which have been tested in the more advanced countries.

Different types of technical assistance

From the practical standpoint, a distinction should be made between three types of technical assistance :

- a. Assistance with the general economic and social development problems of the country concerned and with the preparation and supervision of development programmes. The main purpose of such assistance is to advise and help the responsible Governments in defining their policy and determining ways and means of acting upon it. This generally means placing a few highly qualified persons at their disposal for relatively short periods. But such assistance may also consist in providing special facilities for the initial or further training of senior African administrative officials.
- b. Assistance with the organisation and operation of administrative and public services, such as the educational, public health and hygiene services, the agricultural and forestry services, the social services, etc. Such assistance requires the secondment to Africa of qualified staff who can perform administrative tasks and undertake the local training of Africans, as well as the sending abroad of Africans so that they may be trained to assume responsibilities in the various sectors of the national effort,

- c. Assistance in carrying out specific projects included in development programmes. This applies to all stages of their execution and is closely connected with the financial assistance which may be required to carry them out.

The advantage of this distinction is that it can indicate the general direction which international collaboration must take in order to solve the problems of technical assistance.

The first type, which is concerned with general development problems, involves no insuperable obstacles, for the African countries would appear able to obtain from foreign countries or international organisations like the I. B. R. D. the highly qualified advisers they require, usually for short periods. This is mainly a question of direct contacts between Governments and Authorities. The same applies to training facilities for senior African administrative officials.

On the other hand, the second type, which is concerned with the responsibilities of the African Governments in the day-to-day management of the general interests of their countries, requires systematic organisation and with it the appropriate machinery and institutions. The first essential is to ascertain the external technical assistance needs of the African countries and discover to what extent these countries are prepared to accept such assistance and on what terms. As for the contributing countries or organisations, it is a question whether they already possess psychologically and technically qualified staff in sufficient numbers to satisfy the needs of the African countries, how far they are prepared to second them to the countries, how far they are able and willing to provide or intensify training in the home country and in Africa, on what terms and so forth.

One of the purposes of the joint effort for African development is precisely to enable comparisons to be made between the needs, resources, views and preferences of all the participating countries, so that the real prospects of collaboration may be worked out and appropriate action may be taken.

The third type of assistance, which covers the implementation of specific projects included in development programmes is for this reason somewhat subsidiary. It is in one sense an integral part of the projects themselves and inseparable from the other factors contributing to their execution. Nevertheless, it can greatly benefit from any systematic efforts in the directions suggested above.

Joint examination of technical assistance problems

It is thus necessary to consider just how the countries associated in the joint effort can collaborate in organising external technical assistance to the African countries, always remembering that they should supplement and develop, but not supplant, sources of assistance now available.

The first responsibility rests with the African countries which must specify their technical assistance needs and explain their characteristics for each separate sector of the national economy. It would be useful if this task were assigned in each country to a special institution : the " Development Agency " referred to in Chapter II above in connection with the preparation of national development programmes. In addition to its responsibilities in the matter of programme preparation and financing, this Agency would, if necessary, with the assistance of foreign experts, co-ordinate and centralise the studies prepared by the various local services on the technical assistance needs of the country. Working under governmental supervision, it would prepare a schedule of national requirements and specify the terms on which technical assistance could be accepted and put to use in the country. In so doing, it would endeavour to make the most of such assistance by ensuring the closest collaboration between foreign experts and local services. The Agency would also be in charge of relations with the outside world, and particularly with the institutions engaged in implementing the " joint effort ".

As already suggested in connection with development programmes and external financial assistance, there should from time to time be joint discussion of technical assistance problems between the participating countries, which would meet on a footing of equality with a view to determining possible methods of co-operation.

In order to clarify the situation in this respect, it seems necessary to review the various available sources of technical assistance and approach the problem of financing such assistance.

Different Sources of technical assistance

The African countries can turn to three sources of technical assistance; two of these are public, namely Governments (bilateral assistance) and international organisations (multilateral assistance), and one private (private firms, private welfare organisations, immigrants).

Bilateral technical assistance

Since most of the African continent has constitutional, administrative, monetary or purely cultural links with European countries which have responsibilities in Africa (United Kingdom, France, Portugal, Belgium and Italy), these countries provide on a bilateral basis, an overwhelming proportion of the technical assistance received by Africa. Such assistance covers all the fields mentioned above, but there seems no possibility of a substantial increase in the great efforts already being made by present or former metropolitan countries. All that remains, therefore, is to develop the bilateral assistance provided by other countries; and in this respect the United States is already making a notable contribution which might be stepped up still further. The European countries without African responsibilities have hardly ventured at all into this field as it is one which presents many of them with special difficulties (if only because their language is not spoken in Africa). The majority already contribute on a multilateral basis.

However, there are certainly many African development projects which might interest such countries and be entrusted to them on the basis of bilateral agreements. An example of this type, although undertaken in another continent, has been the Norwegian scheme for the development of the fisheries and local communities of Travancore-Cochin in India, by which Norway provided investments, technical knowledge and materials, and took charge of the training of local cadres and specialists. Apart from this approach, which mostly consists in providing assistance for specific projects, there are no doubt other possibilities which could be explored at the periodic conferences held by the participating countries for the discussion of technical assistance problems already studied by the institutions engaged in implementing the "joint effort".

Multilateral technical assistance

There is little such assistance in Africa at the moment. It is supplied by three organisations : the United Nations, the International Bank for Reconstruction and Development (I. B. R. D.) and the Commission for Technical Co-operation in Africa South of the Sahara (C. C. T. A.).

United Nations assistance is of two types : the "ordinary programmes" of four Specialised Agencies (Technical Assistance Administration of the United Nations, UNESCO, the W. H. O. and the I. L. O.) and the "Expanded Programme" (UNEPTA) inaugurated in 1950. By now, the former are of minor importance compared with the latter. Under these programmes, trainees receive grants and experts are sent on missions. The assistance received by Africa under this head barely exceeds that received by Europe itself : 9 % of the total in 1955 as compared with 8,5 %. To understand the full significance of these figures, it must be realised that the annual expenditure of the United Nations for technical assistance amounts to only 35 million dollars. This does not seem to be the channel through which the European countries participating in the common effort (particularly those without African responsibilities) could increase their technical assistance to Africa.

The I. B. R. D. advises Governments, at their request, on general developments problems, even when these have no direct bearing on its loans. It also helps them to prepare and carry out development plans. This technical assistance is of the greatest value and makes it possible to claim that the first type of technical assistance described above presents no difficulties. The I. B. R. D. has also recently set up an Institute for economic development which organises six-month study courses for senior officials from underdeveloped countries. It seems unlikely that the Bank could do more without exceeding its terms of reference.

The C. C. T. A. is the only African regional organisation yet in existence, but its scope is limited to areas south of the Sahara. Its Members are the Governments responsible for territories in this region, namely the United Kingdom, France, Belgium, Portugal, the Union of South Africa, Ghana and the Federation of Rhodesia and Nyasaland. Neither Spain nor Liberia belong to it at the moment.

Its purpose is to promote technical co-operation between the Members, and its main activity so far has been to organise technical conferences and make recommendations concerning technical co-operation. The C. C. T. A. is assisted by the Scientific Council for Africa South of the Sahara (C. S. A.) which exists to further the application of science to the solution of African problems.

Technical Bureaux and Committees each deal with a particular aspect of this cooperation. An Inter-African Research Fund and an Inter-African foundation for the exchange of research workers and technicians are administered by the C. C. T. A. and, although they have limited resources, they are perhaps the beginning of wider C. C. T. A. action since they can accept contributions from non-member countries.

From the territorial standpoint, the C. C. T. A. covers only a part of Africa, and its only European Members are France, the United Kingdom, Belgium and Portugal. It does not go so far as to provide technical assistance, as it does not possess the financial, technical and material means to do so.

Thus there is a gap to be filled in the process of multilateral technical assistance before the joint effort of the European and African countries can be placed on a firm and broad basis.

With this joint effort in view and bearing in mind political developments, it would seem that the C. C. T. A. with the valuable experience it has already gained of technical problems in Africa could be made responsible for solving the technical assistance problems of the African countries, subject to the control of the periodic conferences between member countries. It would, of course, act in close liaison with the other prospective financial institutions, namely the Investment Bank and Investment Fund or, failing them, the Guarantee Fund. To this end, it is desirable that all the European and African countries associated in this effort should be members of the C. C. T. A. and that this organisation should be adequately endowed to perform its new tasks, with the assistance of the African Scientific Council, whose membership would be increased accordingly.

Private technical assistance

Generally speaking, the volume of private technical assistance is much greater than is commonly imagined. It is provided by profit-seeking undertakings and individuals (immigrants) and by voluntary organisations, religious or secular.

Private technical assistance in educational and social matters is mostly provided by voluntary organisations and poses no serious problems. The same holds good for that connected with the implementation of specific projects included in development programmes (research services, infrastructure work, etc.).

On the other hand, technical assistance resulting from the settlement of immigrants does give rise to difficulties, in relation partly to the question of technical assistance itself and partly to national policy towards non-African private activities. This matter is connected with the question of creating and maintaining an atmosphere conducive to investment, as was discussed in Chapter III, but it is appropriate to examine it here in more general terms. Of course, each African country determines by its own sovereign right and in the light of local custom what laws and regulations shall govern the establishment of foreign enterprises and individuals, with the aim, on the one hand, of giving its nationals control over the local economy and safeguarding their right to exploit the national heritage and, on the other hand, of promoting economic and social progress by revitalising the country through the establishment of enterprises and individuals which bring in capital, experience, technical knowledge, etc.

Laws, customs and methods of implementation may easily discourage external initiative and deprive the country of useful and desirable assistance. Thus, at the conferences between countries participating in the joint effort, and indeed in the permanent common institutions, it will be essential to review all types of individual and collective economic activity and find out in each case whether or not there are prospects of reconciling the requirements of the African countries with those of the enterprises and individuals interested in setting up business in Africa. Such an enquiry, which would pay due regard to national sovereignties, should make it possible to draw up a form of schedule of activities open to foreign enterprises and individuals as well as to work out methods of approach adapted to specific local structural characteristics, which would be acceptable to all the parties concerned.

Technical assistance costs

If the African countries were to bear the whole cost of technical assistance, their own resources for the financing of investments would be correspondingly reduced. It therefore seems reasonable that third countries should not only contribute to the financing of investments but also help to meet technical assistance expenses. This latter contribution would be of a very flexible nature and could include the use of all services of interest to African countries (temporary secondment of teachers, civil servants, etc., admission of trainees by national departments, etc.). On the other hand, it is only normal that the recipient country, being responsible for its own development policy, should also assume at least a proportion of the costs of technical assistance.

At the present time the costs of technical assistance to underdeveloped countries are borne as follows :

the metropolitan countries, directly or indirectly, meet the whole cost of certain types of technical assistance;

bilateral agreements with " third countries " determine the distribution of costs among the Governments concerned;

some kinds of private technical assistance are partly or wholly paid for by the Governments of the contributing countries (for example, the Federal Republic of Germany, for certain major infrastructure schemes and heavy industrial equipment) ;

each multilateral organisation has its own regulations (as a rule, in the case of experts on mission, the normal remuneration of the expert is borne by the contributor and the various allowances, i. e. travelling subsistence, etc., by the receiving country).

In the case of the joint effort, it might be envisaged that these costs be shared fifty-fifty among the contributing and receiving countries, subject to special rules governing certain kinds of assistance and particular cases.

Conclusions on technical assistance

Technical assistance is perhaps the most effective way of promoting the economic and social development of the African countries and of raising the standard of living of the African peoples. It can, of itself, bring about higher efficiency and productivity in the production of goods and services, whereas capital investment must be accompanied by adequate technical assistance to achieve worthwhile economic results. The expansion and improvement of technical assistance given to African countries is thus a desideratum of high priority.

However, the fact must be faced that the present shortage of technicians in the industrialised countries, particularly in Europe, is not likely to leave room for much assistance from this source to Africa. On the other hand, there are excellent prospects for the training of Africans abroad, particularly in Europe, which might be developed by trying, for instance, to overcome obstacles such as language, culture, customs, etc.

Whilst it is desirable to set up in Africa national " Development Agencies" to deal with all local problems of financial and technical assistance, the joint effort in the field of technical assistance does not necessitate the setting up of new international bodies, since there is already the C. C. T. A. which, subject to amendment of its statutes, could extend its activities in this direction.

The following immediate measures should be considered :

1. Elaboi-ation of a method of co-operation for the joint study of the problems raised by technical assistance in all its forms; this study should be supplemented by a study of openings for non-African private undertakings in Africa and the conditions for their operation there (installation of undertakings and persons). This measure supplements that advocated at the end of Chapter III (external financing).
2. Amendment of statutes and broadening of the activities of the C. C. T. A. The C. C. T. A. should be enabled to secure the participation of all the African and other countries sharing in the joint effort. It should also be enabled to centralise and co-ordinate requirements and availabilities of technical assistance, facilitate bilateral agreements and organise a multilateral system of technical assistance. There should be close liaison between the C. C. T. A. and the financing bodies under the supervision of the countries participating in the joint effort and meeting at periodic conferences.

2.5. Immigration

Immigration provides African countries with a means of remedying local shortages of skilled and unskilled manpower, thereby speeding up their economic development and enabling them to derive the maximum benefit from their domestic resources and from external assistance. From this point of view immigration may be regarded as a form of technical assistance. As a rule, however, immigrants are less concerned with providing technical assistance t h a n with obtaining the maximum personal benefits from their activities; this may bring them into conflict with the interests of the local population and create political and social difficulties 'in the country where they have settled. While there is, therefore, an immigration problem, a distinction should be made :

between temporary and permanent immigration;

between mass and individual immigration.

Temporary immigration

This form of immigration seems unlikely, by its very nature, to give rise to serious political and social difficulties. Its main purpose is to remedy the present shortage of African manpower to do the work required for the I development of the country concerned. Furthermore, the Governments are generally able to exercise

adequate control in regard to the | qualifications, activities and duration of stay | of temporary immigrants. Hence the African j countries, whatever their degree of evolution | and their demographic situation, would undoubtedly profit by introducing very liberal regulations for this type of immigrant.

Permanent immigration

Permanent immigration gives rise to serious difficulties and to controversy. Generally speaking, Africans are influenced by various factors, particularly historical and racial, and view immigration with some reserve and even fear. It should be noted that African countries administered by their indigenous population appear to be somewhat hostile to permanent immigration, whereas those administered by Africans of European origin encourage Europeans to settle there. This difference of attitude should not, however, cause us to lose sight of the fact that the determining factors are, first, what the economy of a country has to gain from the presence of permanent immigrants, and, secondly, the degree of control that can be exercised over their admission to and activities in Africa. These are the considerations by which national legislation is or should, normally, be guided. However, special attention should be paid to local customs to ensure that the settlement of immigrants does not lead to conflicts.

Mass immigration

Some areas, such as the Mediterranean coast of North Africa, are already subjected to strong demographic pressure, reflected in underemployment. True, there are many other regions with vast unpopulated or sparsely populated areas, but in these regions the land is usually owned collectively and is not transferable. The local peoples are also strongly opposed to the land being used in a way contrary to local custom. That is why, even where it can be effected legally, the granting to non-Africans of property rights or of sole rights to land gives rise to controversy and, eventually, to disputes. It accordingly appears to be advisable to presume that Africa offers no opportunities for mass immigration from other continents.

Individual immigration

On the other hand, individual immigration, whether temporary or permanent, may be developed and organised.

In view of the possibilities of control offered by immigration of this kind, the question would, in effect, seem to be one of determining what openings there are for foreigners in the African countries and of laying down the conditions under which their activities may be pursued. This is primarily a responsibility of the Governments of African countries. It is, however, desirable that the problems confronting each of these Governments should be discussed within the organs responsible for the joint effort in order to facilitate the introduction of such laws and regulations as do not discourage the entry into Africa of persons essential to or, indeed, merely useful to its economic and social development.

2.6. Organisation of trade relations and markets

General

The expansion of African foreign trade is at the same time an objective, an expression and a condition of, its economic and social development, and it is therefore essential that a satisfactory climate should be created for encouraging and maintaining such expansion in a world where trade is still far from being completely free from restrictions. Even if all such restrictions disappeared, it would still be necessary to consider the possible repercussions of the variations and crises affecting the world commodity market on economies which are naturally unstable.

Before considering the measures which might be taken in present circumstances by the participating countries as part of the joint effort, it may be useful to give a brief summary of the characteristics of African foreign trade¹². Exports of African countries and territories in 1954-1955 aggregated almost 5 thousand million dollars, or about 6 % of the world total, while imports, computed on a f.o.b. basis, were almost 6 thousand million dollars.

12. See statistics in Appendix III.

A breakdown by area shows a heavy concentration on the northern and southern extremities of the continent. North Africa (Algeria, Morocco and Tunisia) and the Union of South Africa each account for almost one-quarter of total African imports, or together 45 %, while the rest of Africa, with nine-tenths of the total population, accounts for the remaining 55 %. On the export side the corresponding figures are roughly 40 % and 50 %.

The directional pattern of African trade is primarily characterized by the fact that OEEC countries account for two-thirds of foreign trade, thus 65 % of all imports and 71 % of all exports in 1954, while the dollar area accounted for about 10 % of both imports and exports, and intra-African trade for another 10 %. It may be added that this overall pattern has remained practically unchanged since 1950.

As for the individual OEEC countries, France and the United Kingdom completely dominate the scene and together account for about one-half of total African foreign trade, France exceeds the U. K. with respect to African imports, while the U. K. has a somewhat greater lead as recipient of African exports. Still, it is of interest to note that the total share of these two Powers in African imports declined slightly between 1950 and 1954 while simultaneously the Federal Republic of Germany, Italy and the Netherlands increased their share from 4 % to almost 9 %, with Germany showing the greatest expansion.

As to intra-African trade, by far the most important flow involved the Union of South Africa, which alone accounts for more than two-fifths of intra-African exports (especially manufactures) and more than one-fifth of intra-African imports, with the Central Federation and South-west Africa as its chief trading partners. The second place in intra-African trade is taken by North Africa (Algeria, Morocco and Tunisia).

The commodity pattern of trade brings out the characteristics of the continental economy. On the import side, machinery and equipment alone comprise a full third of the total, metals and manufactures one-fourth and textiles one-seventh. The remaining one-fourth is accounted for by food, beverages and tobacco, chemicals, mineral fuels and basic materials, in that order. Here again, the proportions have shown but slight change during recent years.

About three-quarters of African exports consist of primary products, principally of agricultural origin. The range of exports is narrow, eleven principal items accounting for about 60 % of the total export value in 1954 (8 4,630 million). Heading the list were oilseeds (8 488 million), followed by cocoa (S 461 million), copper (S 405 million) and coffee (8 368 million). The dependence upon one or a few export lines becomes even more marked if individual countries are considered separately. Thus, in Gambia more than 90 % of export earnings were due to one single commodity (ground-nuts) while in 14 other African countries from 70 % to 90 % of export values were accounted for by three commodities or less.

Trade relations between Africa and Europe

By far the greater part of the African economy is largely complementary to that of Western Europe. Although the metropolitan Powers, particularly France and the United Kingdom take the lion's part, those European countries which have no responsibilities in Africa are customers and suppliers to an already appreciable extent, and there would appear to be room for them further to develop their foreign trade. With a view to expanding African foreign trade, the countries participating in the joint effort should strive to maintain and develop the flow of trade between Europe and Africa so that the outlets for their respective products may in the general interest be increased.

Both in Europe and in Africa, however, there are certain obstacles, such as quantitative restrictions on imports from other currency areas, imposed because of balance-of-payments difficulties or in order to protect non-competitive production by the country or currency area concerned. Other difficulties result from customs preferences designed to benefit a metropolitan or overseas country in the same currency area or may arise out of the formation of customs unions or free trade areas. For reasons of space it is not possible to include in the present document a survey of the existing foreign trade policies of the European and African countries, which range from almost complete liberalisation (as in the Belgian Congo) to restrictive regimes of varying severity.

For some years past determined efforts have been made, on the one hand, to liberalise trade within the area of the OEEC member countries and their overseas territories, and, on the other hand, to reduce or at least discourage the raising of customs duties (within the framework of G. A. T. T.). Some progress has been made, but the obstacles are still far from being overcome. It would seem, moreover, that they cannot be completely eliminated until conditions permit the re-establishment of currency convertibility. In the meantime the economic, social and financial difficulties experienced by certain countries are contributing to the creation or aggravation, between the currency areas, of price disparities which obstruct further general progress.

These are questions which admittedly go beyond the scope of the joint effort for the development of Africa, but the hope may be justified that a discussion between the participating countries on problems raised by this development would perhaps smooth the way to certain solutions.

For the time being, special attention must be devoted to events which took place early in 1957 and which considerably affect, or are likely to affect, trade relations between Africa and Europe. First, there was the signature at Rome on 25th March 1957 of the Treaty instituting the European Economic Community (E. E. C.) among the six countries already members of the European Coal and Steel Community (E. C. S. C.) and providing for an association with the common market area thus established of the countries and overseas territories having special relations with the Six. Secondly, there was the decision taken by the Council of the Organisation for European Economic Co-operation (O. E. E. C.) to begin negotiations for establishing a Free Trade Area associating the Common Market of the six countries with the other States Members of the O. E. E. C.

The main provisions of the Common Market Treaty which refer to trade relations with the above-mentioned overseas countries and territories may be summarised as follows :

the products exported by the overseas countries and territories, most but not all of which are African, will be admitted to the Common Market on the same conditions as become applicable among the Six; it is provided that some of the most important of these products shall enjoy a European preference guaranteed by the customs tariff of the Common Market, which will gradually come into being during the transitional period.

as a quid pro quo the aforementioned overseas countries and territories will, where necessary, make a simultaneous reduction in the customs duties and quotas which they apply to countries of the Community, down to the level which is applicable to the metropolitan country, in such a manner that each of them will be subject to one and the same system valid for all six countries of the Community. In addition, it appears that the industries which are set up in these overseas countries and territories will benefit by some degree of tariff protection (protection of infant industries), without, however, implying any discrimination in favour of the metropolitan territory.

The creation of the Common Market and its extension, as outlined above, to those overseas countries and territories which have special relations with States Members of the Economic Community would seem to represent a considerable forward step towards some of the aims initially set out in the present study. Nevertheless, the Powers participating in the Community have, naturally enough, mainly been concerned with their own interests and those of the overseas countries and territories with which they have special links. But, while the Treaty is in principle open for accession by the other European countries, and also envisages a formula for association with these countries in the form of a Free Trade Area, it makes no provision as regards the African countries having no relations with the Six (such as the Commonwealth countries, independent countries other than Libya, Morocco and Tunisia, the Portuguese overseas provinces and the Spanish territories).

However, the principal African countries excluded are dependent for 15 % to 30 % of their export markets on the six Powers signatories of the Rome Treaty.

The proposal to create a European Free Trade Area in association with the Common Market thus offers the occasion for considering the position of those African countries which have no relations with the Six. Such consideration would, moreover, be in keeping with the fundamental intention of the O. E. E. C. concept of liberalising trade and reducing tariffs over a wide area. On the other hand, the creation of a preferential system for the exports of certain African countries and territories carries the risk that present patterns of trade may be so distorted as to lead African areas adversely affected to seek compensation by arrangements opposed to world efforts for the liberalisation of trade.

It is in the long-term interest of African and European countries alike to avoid a situation in which some African countries and territories are associated with the new European Economic Community while others are not given the opportunity to join that organisation. The Group accordingly feels that the proposed creation of a European Free Trade Area should be accompanied by suitable provisions enabling all interested African countries and territories not covered by the E. E. C. to become associated with such a Free Trade Area on terms to be determined on the basis of joint consultation. Whilst the opportunity of such an association would certainly be in the African interest, the Group is equally convinced that in the long run the extension of the

Free Trade Area would also be in the European interest without endangering the trading positions of non-European and non-African countries which at present only participate in the African trade to a very limited extent.

Intra-African trade relations

According to trade statistics, intra-African commercial exchanges represent only one-tenth of the continent's trade as a whole. But these statistics take no account of non-supervised and often lively trade across the land frontiers. The frontiers have often no function other than that of delimiting the zones of influence of European countries. This fact leads inevitably to contemplate the possibilities of increased liberalisation of intra-African trade, which should, of course, also develop in proportion as economic expansion proceeds and communication inside the continent is improved.

It is therefore important, within the scope of the joint effort envisaged by the participating countries, to avoid any action which would tend to shut African trade into watertight compartments; everything should be done to facilitate trade between the various regions of the continent. Here, then, is yet another argument in favour of associating the African countries with any European Free Trade Area.

Dependence of African countries on exports of a small number of primary products

Although certain African countries derive an important part of their exports and public revenue from the products of the subsoil, their economy is nevertheless based on agriculture, on which four-fifths of the population depend for a living. Moreover, under the prevailing subsistence economy, producers derive their financial returns from the marketing of a small number of products grown for export. As a result, in normal market conditions, producers and public finance react sharply to fluctuations in the world prices of such products, amongst which in the case of Tropical Africa may be mentioned cocoa, coffee, ground-nuts, palm-oil and palm-kernels and cotton.

Periods of high prices occasion inflationary movements which it is difficult to check. When prices are low the revenue of these countries suffers considerably and there is a constant risk that the producers themselves may become discouraged, abandon forms of production on which they have expended great efforts and eventually find themselves destitute. Consequently, the efforts made to raise the standard of living of rural populations in Africa would prove vain if steps were not taken at the same time to ensure that they received a satisfactory return for their work. For the African countries themselves, the irregularity of the returns from the export of a small number of products is a great handicap to their policy of expansion.

One way of remedying this state of affairs would no doubt be to remove the cause of the trouble by pegging the export prices of the staple African products. This would involve multilateral international agreements (as in the case of wheat and sugar) or bilateral agreements (in the form of long-term contracts with importers). But the countries in question might equally well take steps to control their home markets and set up equalisation and reserve funds.

The stabilisation of world prices for raw materials

It is not a question of once and for all pegging world prices for raw materials but of preventing violent short-term fluctuations while leaving sufficient flexibility to allow prices gradually to follow long-term trends. This can only be done by means of multilateral agreements between all the producer and consumer countries or at any rate between the most important of them. Agreements of this kind have been concluded in the case of wheat, sugar and tin. The United Nations (ECOSOC), in conjunction with F. A. O., and G. A. T. T., is actively engaged in studying the possibilities of concluding such agreements for further products. Thus study groups are at present exchanging information and discussing draft agreements in respect of rubber, cotton, wool, rice and cocoa. But, as some of the countries mainly concerned seem to display marked hesitation, rapid progress cannot be expected.

These misgivings may be attributed not only to short-term interests but also to the technical inadequacy of multilateral agreements. Indeed, it would seem difficult, if not impossible, to regulate world prices without at the same time discouraging competition and sacrificing the interests of the most competitive producers in favour of the less competitive to the disadvantage of consumers. The current agreements referred to above are the outcome of a compromise between the interests represented and interfere to some extent with the natural operation of economic laws. To work out the terms of these agreements was therefore not an easy matter, and, as they have been much attacked, it is somewhat doubtful whether they will be renewed when they have run their course.

Yet, despite their imperfections, which it may be possible to remedy as time goes on, these agreements are certainly useful for producing areas not yet fully developed. It would accordingly be useful to invite Governments to give the reasons for their hesitation. They might then be induced to reconsider their attitude. In any case, the matter can only be dealt with at the world level (United Nations, F. A. O. and G. A. T. T.). And at this level a solution might more easily be found if the European and African countries could come to the conference table with a common viewpoint worked out together in advance.

Long-term bilateral and regional agreements

Long-term bilateral or regional agreements on raw materials involve certain hazards in that, as experience has shown, they may lead contracting countries to keep prices higher in that area than elsewhere in the world and perpetuate the restrictions on trade which are always associated with permanent price differences. However, these agreements, whether concluded between Governments or between private groups of producers and consumers, have the advantage of providing the former with outlets and the latter with regular supplies. Price-fixing may also be arranged in such a way as to cushion short-term fluctuations on world markets.

In view of the dangers they involve, agreements of this kind are not concluded except between countries of the same political or monetary group (such as the United Kingdom and the countries of the Commonwealth) or in respect of products of great economic or political importance (e.g. the tin and uranium contracts concluded by the United States). This practice was frequently adopted in the United Kingdom during the war and early post-war years, but many of these contracts have since been terminated by mutual consent or allowed to lapse. A comparison may be drawn between long-term contracts of this kind and the system by which countries guarantee for their overseas territories markets and satisfactory prices for certain products. France does this, for instance, in the case of ground-nuts and palm-oil of low acid content, and Portugal also guarantees markets to the extent of its estimated annual needs.

The conclusion is that long-term agreements between countries of Europe and Africa would have little likelihood of success unless the countries concerned were already bound together by sufficiently strong political and economic ties created, in particular, by a common market or free trade area. Even so, it appears that there would still be grounds for hesitation and that eventually a solution might rather have to be sought either in world agreements sponsored by G. A. T. T. and F. A. O. or in internal measures adopted by the African countries as described in the following paragraphs.

Local organisation for the marketing of export products

Local organisation for marketing export products is not, in fact, an alternative to international agreements on the marketing of raw materials, since it is in any case a main feature of local development policy. Indeed, even if world prices for raw materials were stabilised by international agreement, the producer must be assured of a fair return, and to this end, middlemen's transactions must be subject to control. Most countries have set up local markets and are endeavouring to make these more general in order to relieve growers of the necessity to transport their produce excessive distances. These markets are generally held at regular intervals, and local produce is purchased at prices fixed by the administration (either at a permanently pegged or at a minimum figure) by buyers who in many cases hold a special licence from the authorities.

In many African countries this regime of price-pegging and control is part of a more complex system for the control of quality and packaging as well as for the stabilisation of prices paid to producers. Such a system tends to do away with the direct relationship of local to world prices and to mitigate to some extent the effects of variations in the latter on the local economy. These complementary measures are applied in varying degree according to the countries and the products concerned.

Stabilisation measures for prices paid to producers

The stabilisation of prices paid to producers may be considered as essential to the success of local economic development policy. Producers should in fact be able to measure in terms of money and of real value the higher returns resulting from increased individual production, improved productivity and the improved quality of produce, all of which the Research and Extension Services are endeavouring to encourage.

Stabilisation of the prices paid to producers is generally effected in Africa by means of equalisation funds or reserves (apart, of course, from stabilisation arising from clauses in long-term contracts or guarantees of markets and prices offered by certain countries to their overseas territories). British territories have their "Marketing Boards" and French territories their "Caisses de Stabilisation". The principles governing the operation of Marketing Boards are, broadly, as follows: if the export price rises above the fixed price paid to producers plus charges (transport, packaging etc.), the excess is paid into a reserve fund to be used to cover

future deficits, should the circumstances be reversed. The problem is to fix a producers' price which is high enough to make production attractive and at the same time moderate enough to make it possible in good years to accumulate sufficient reserves to cover the deficits incurred during prolonged periods of decline. It is also highly important, particularly in the case of annual crops, that a purchase price should be fixed at the time of sowing and that the producers, in the case of perennial crops, for example, should enjoy guaranteed prices over a fairly long period.

It is therefore essential for the institutions in question to hold a fair proportion of their assets in liquid form, so as to be able to maintain producers' prices, as is officially their main function, when occasion requires. Consequently, such funds cannot be used to finance development programmes except in so far as they exceed the amount of liquid assets considered necessary. Conversely, such bodies must be given special subsidies if their reserves are found to be non-existent or inadequate.

The fixing of producers' prices with quality differentials is a feature of development policy in African territories. Furthermore, levies made on the national income in times of rising world prices in order to establish reserves (and drawings on these reserves when prices turn downward) have a stabilising effect on the financial situation of the country. Stabilising agencies, especially marketing boards, are also of great value in planning an economy in the light of long-term trends on the world market, the special propensities of African territories, producers' terms of trade and their purchasing power over a given period.

As part of the joint effort by the participating countries, much benefit would be derived from a close study of the many and varied experiments carried out in Africa and elsewhere, in order that each African country could adopt the methods best suited to its needs and structure.

Stabilisation of public revenue and of the economy of African territories

Variations in world prices of raw materials have their impact on public revenue, a large proportion of which is derived from export dues. To remedy this state of affairs, certain African countries have opened reserve funds which accumulate in good years and are drawn on when prices weaken. Some countries have adopted a sliding scale of ad valorem export dues with a view to making the reserve fund more effective and minimising variations in private incomes.

More generally, African territories endeavour to strengthen their economic position by producing a wider range of goods for export and building up small local industries for initial processing. The latter not only add to the value of the exported product, which is to the advantage of the country's economy, but they also make available to the international markets processed goods whose price variations are generally less marked than those of raw materials.

Nevertheless, despite these valuable local measures (marketing boards, stabilisation or equalisation funds, reserve funds, etc..) African production which is aimed almost exclusively at foreign markets must be assured of a certain number of regular outlets if it is to expand. This involves taking steps at an international level which will affect every aspect of trade in each of the main products : production and export conditions in Africa, supply and demand in Europe, export dues, import duties. Such then, will be the task of the Conferences and Organs entrusted with the execution of the joint effort.

Conclusions on the organisation of trade relations and markets

In view of the largely complementary nature of the African and European economies, on the one hand, and of the de facto relations existing between the African countries and the European countries, on the other hand, one of the objectives of the participating countries' joint effort to develop Africa should be that of liberalising trade between the two continents and in the interior of each.

Negotiations now in progress at O. E. E. C. on the creation of a European Free Trade Area provide an opportunity for action in this direction, so as to offset any distortion of trade patterns consequent upon the association of only part of Africa with the Common Market of the six countries of E. E. C.

The Governments which are ready to take part in the joint effort, together with the European institutions, particularly the Council of Europe, as the political organ, and O. E. E. C., as the economic organ, should therefore contribute towards the achievement of this objective which could be of the greatest benefit to Europe and Africa.

In addition, since most of the African countries are dependent on the export of a small number of products but in general have little influence on the market in these commodities, the participating countries should combine to consider what opportunities are open, either through such world agencies as G. A. T. T. and F. A. O. or

within the regional framework of the joint effort itself, for introducing reasonable stability into primary commodity prices. Their minimum aim should be to define a common attitude in this matter. At the same time, they should study the working of the Ararious devices whereby countries which are exporters of primary commodities have endeavoured to organise their marketings with the object :

- a. of protecting producers from short-term fluctuations in world prices;
- b. of guaranteeing producers a stable income;
- c. of mitigating the disturbing effects of world price fluctuations on public revenue and the financial situation of the country,

so that the African countries may learn from experience already gained.

In all these matters the common decisions should be taken and the common positions defined, at periodic conferences of the countries participating in the joint effort on the basis of the work done by competent organs or ad hoc groups of experts.

2.7. Conclusions of the Group

The Study Group for the development of Africa unanimously considers that, in view of the new economic and political projects being put into effect throughout the world, particularly in Europe and Africa, and the reactions to which they are giving rise, the time has come to set up among member countries of the Council of Europe and the African countries a system of co-operation open also to other countries desirous of contributing to the economic and social development of Africa.

It considers, moreover, that this effort of co-operation is amply justified by the fact that it would be in the interest of all the participating countries, both African and non-African, to remedy the shortcomings and fill the gaps in the various kinds of assistance at present available for the development of Africa by carrying out a joint study of the problems raised by this development and by furnishing additional assistance through specialised institutions of co-operation.

Co-operation machinery

Such a mechanism might be largely similar to that of the " Colombo Plan " for South and South-east Asia—which has produced excellent results—and have the following features :

- a. Submission of programmes for the development of Africa The Governments concerned should draw up and present their national development programmes and indicate the estimates and forecasts on which they are based. These programmes should also contain an analysis of the problems involved in their realisation and specify the external assistance required for a period of five years.
- b. Joint examination of national programmes and preparation of a general survey On the basis of the national programmes for which the Governments concerned retain full responsibility, the participating countries, meeting on an equal footing, would carry out a general study with a view to drawing up a general survey of development problems (scientific, technical, administrative, financial, commercial, etc.) of the African continent for the proposed period of five years and would determine the total amount of external assistance required to carry out the projects. This survey would take into account the experience gained and the efforts made in the past by the various participant countries in the field of economic and social development.
- c. Joint study of methods of solving the problems and meeting the needs of African development The general survey would serve as a basis for determining the measures to be taken by the participating countries, both individually and jointly, in order as far as possible to remedy shortcomings and fill the gaps in external assistance arrangements that might impede the satisfactory fulfilment of African development programmes.

These would include :

the individual efforts by the participating countries, as part of their own national responsibilities, to facilitate the different methods of co-operation (movements of capital, persons and goods; fiscal and trade policy, etc.) ;

the rational utilisation of existing sources of external assistance, in particular multilateral sources (f. B. R. D., U. N., etc.), private sources (direct investments and loans on money markets) and bilateral sources (by way of direct negotiations between receiving and contributing countries);

the possible, freely discussed and accepted, integration of different national projects in joint projects of general interest;

the determination by participating countries of a common attitude on questions under discussion in international organisations which relate to the economic development of Africa, such as the stabilisation of raw material prices on world markets.

The machinery of co-operation outlined above involves, in the first place, periodic conferences at ministerial level of the participating countries meeting on an equal footing for the joint examination of development programmes, the problems raised by those programmes and the national policies governing them. However, co-operation confined to these periodic surveys would be of a limited nature. Institutions are needed to give concrete shape to the effort of co-operation and to remedy present shortcomings and gaps. The Study Group is fully aware that there is a widespread attitude of justified reserve towards the multiplication of institutions among which the somewhat limited possibilities of action and resources of the participating countries would be too widely dispersed to the detriment of efficiency. Therefore, while regarding the institutional machinery described below as desirable, the Group felt it should conclude by indicating the minimum measures required in order to initiate a joint effort.

Institutions desirable for implementing the joint effort

The machinery to be desired would consist of a Consultative Committee, with a Standing Co-ordination Committee, and of several specialised bodies: a Bank for African Development, an African Investment Fund and a Technical Assistance Bureau.

4. A Consultative Committee at ministerial level, on which all the participating countries would be represented on an equal footing, would meet periodically in order jointly to examine the development programmes and the problems arising therefrom and to work out measures to be taken by the participating countries to remedy the shortcomings and gaps impeding the fulfilment of African development programmes. This Committee would also supervise and co-ordinate the specialised institutions mentioned below and give them instructions for the performance of their tasks.

5. A Standing Co-ordination Committee to prepare the work of the Consultative Committee, of which the former would be the executive organ in relation to the joint institutions mentioned below, as well as the organ of liaison with participating Governments.

6. A Bank for African Development patterned on the I. B. R. D., which would have the following four tasks :

t o finance by means of loans bearing interest the execution of development projects in Africa;

t o facilitate the recourse of African countries to money markets, in particular, through the provision of a collective guarantee by the participating Governments;

t o facilitate direct private investments by the organisation of an intergovernmental system of insurance against non-commercial risks;

to contribute to the establishment in participating countries of an atmosphere and conditions favourable to investments in Africa (statute of investments, association of non-Africans and Africans for the exercise of economic activities in Africa, conditions governing the establishment and activities in Africa of foreign undertakings and persons, etc.).

The financial resources of the Bank would consist of its capital, subscribed by the participating countries, loans raised on the money markets and premiums paid by private investors insuring themselves against noncommercial risks.

7. An African Investment Fund would be entrusted with the task of :

financin g social and economic projects of general interest on non-commercial terms by making grants, and long-term loans either free of or at a very low rate of interest;

grantin g allowances to reduce the burden of interest on loans raised on money markets on commercial terms by African countries in order to finance their development programme ;

financin g certain kinds of technical assistance (for example, the outlay on technical assistance of collective interest to Africa);

contributin g (as in the case of the above Bank), to the effort to create in the participating countries an atmosphere and conditions favourable to investments in Africa.

The resources of the Fund would be made up of an initial contribution by all participating countries and by a periodic contribution by non-African countries assessed, for example, in proportion to the total volume of annual trade (total imports and exports) of each of them with Africa. It should be pointed out that, if the European Economic Community Countries had meanwhile instituted the " Development Fund " for overseas countries and territories, settlement of the problems of setting up the " African Investment Fund " would depend on whether the two Funds were to combine or to exist as separate entities.

8. A Technical Assistance Bureau of which all the participating countries would be members :

to centralise and co-ordinate the technical assistance requirements of the African countries and available technical assistance facilities;

to facilitate bilateral technical assistance agreements;

to take the necessary steps to provide adequate psychological and technical training for technical assistance staff;

generally speaking, to organise technical and scientific co-operation between the participating countries in Africa.

to endeavour to supply to African countries the technical assistance they have been unable to obtain in the normal way;

to contribute to studies concerning the general problems raised by technical assistance in all its forms, and concerning the opportunities for, and conditions of operation of, non-African private undertakings in Africa (establishment of undertakings and persons).

The duties of this Bureau might be entrusted to the Commission for Technical Co-operation in Africa South of the Sahara (C. C. T. A.) which has now been in existence for some years and disposes of a permanent secretariat and valuable experience of African problems. This would necessitate amending the Commission's statute in order to enable it to extend its activities to the whole of Africa, to secure the participation of contributing countries without responsibilities in Africa and to broaden the substantive scope of its work.

9. Specialised National Services might usefully be set up in countries where they do not yet exist. They would take the form of Development Agencies in the African countries and External Assistance Services in the contributing countries, to centralise and co-ordinate at national level all work connected with the development of Africa and with external assistance and to ensure liaison between Governments and the above-mentioned joint institutions.

Minimum institutions required for the joint effort

The Study Group considers that the setting up of a Consultative Committee at ministerial level (see (1) above), the broadening of the composition and functions of the C. C. T. A. (see (5) above) in matters of technical assistance and, should the need arise, the establishment of a Standing Co-ordination Committee ((2) above) and of specialised national services ((6) above), should not create any serious difficulties if the member countries of the Council of Europe and the African countries genuinely desire to make a joint effort to develop Africa.

Care should be taken, however, that any hesitations aroused by the setting up of a Bank ((3) above) and a Fund ((4) above) should not impede the carrying out of the joint effort or even delay it. The Study Group considers that if these two institutions cannot be set up forthwith it should in the meantime be possible for some, at least, of their activities to be carried out; to this end, it proposes the immediate establishment of, at least, a Guarantee and Financial Assistance Fund, providing thus practical proof of a desire for joint action and paving the way for new measures to expand that action.

This Fund would perform some of the tasks normally devolving upon the Bank and to the Investment Fund mentioned above under (3) and (4)

insurance of certain private investments, on payment of a premium, against non-commercial risks;

joint guarantee by participating countries to cover loans by African countries raised on the money markets or obtained from international credit institutions;

guarantee by non-African participating countries to subscribe to loans raised by African participating countries

grants to African Governments to reduce the burden of interest charges with a view to enabling these Governments to raise loans on commercial terms on the money markets for socially beneficial investments;

financing of technical assistance where such expenditure could not otherwise be met;

contribution to efforts to establish in the participating countries an atmosphere and conditions favourable to investments in Africa.

To accomplish its task, the Fund would not need considerable resources. The following would suffice :

an initial capital, only part of which need be paid up at once, subscribed by all participating countries;

modest periodic contributions made by the non-African countries on a basis to be determined;

premiums paid by investors insured against non-commercial risks.

Moreover, the establishment of a " Guarantee and Financial Assistance Fund " appears in no way incompatible with the creation of the " Development Fund " provided for in the Treaty instituting the European Economic Community.

Appendix 1 APPENDIX I

BACKGROUND OF ORDER NO. 105 ESTABLISHING THE TERMS OF REFERENCE OF THE STUDY GROUP FOR THE DEVELOPMENT OF AFRICA

The Strasbourg Plan (1952) : At its first Session in 1949, the Consultative Assembly of the Council of Europe emphasised the importance of co-operation with the overseas countries and territories which had constitutional links with Member States of the Council of Europe.

On 15th May, 1951, the Assembly adopted Recommendation 6 in which it suggested " that the Committee of Ministers should request O. E. E. C. to undertake a study of the methods for achieving a closer co-ordination between the economies of Member States of the Council of Europe and those of the overseas countries having constitutional links with them, and should report thereon. " However, as the Committee of Ministers merely asked O. E. E. C. to report to it on its own activities in this field, the Assembly, in an Order adopted on 11th December, 1951, instructed the Secretariat-General of the Council of Europe to prepare the study which it had originally intended that the O. E. E. C. should carry out

With the collaboration of a Working Party of independent experts, the Secretariat-General produced this study, and, on the basis of the proposals contained therein, the Assembly, on 25th September 1952, adopted Recommendation 26¹³, which represents a digest of what was to be known as the " Strasbourg Plan ". This Recommendation suggested the adoption of measures to promote the economic development and the prosperity of the whole " area formed by the countries of Western Europe, on the one hand, and by the overseas countries, overseas territories or Dominions, having constitutional links with them, on the other ". In particular, the Recommendation proposed the establishment of a European Bank for the development of overseas territories, the conclusion of long-term contracts and international agreements on basic products and the introduction of a preferential system on a basis of reciprocity between the above-mentioned countries and territories.

In May 1953 the Committee of Ministers transmitted the " Strasbourg Plan " to O. E. E. C. for study. The latter expressed its opinion in a special report published in April 1954¹⁴ and the Consultative Assembly, after examining this report and the comments made by the Committee on Economic Questions¹⁵, adopted, on 29th May 1954, Recommendation 61, in which the Committee of Ministers was asked to " adopt the principle that the policy of European integration entails, as a corollary, co-operation, in the interests of their common prosperity, between metropolitan Powers, the overseas countries which have constitutional links with them and the other member countries of the Council of Europe, " and to invite the Powers with overseas responsibilities to examine together the fields in which they would be ready to accept the participation of other European countries; furthermore, it was recommended that a Conference be called between the Member States of the Council of Europe and the overseas territories involved, for the implementation of the proposals outlined in the Strasbourg Plan.

The Committee of Ministers approved the above-mentioned principle¹⁶ but did not take any practical steps to implement it. It merely invited the metropolitan Powers which are Members of the Council of Europe to make known the facilities for participation in the development of the overseas territories that are already available to those member countries of the Council of Europe which do not themselves have overseas responsibilities. It further suggested that the Assembly should on the basis of this information undertake a fresh examination of the methods by which the principle of Recommendation 61 might be put into effect¹⁷.

Order No. 77 (1955) : On 9th July 1955, the Standing Committee, acting on behalf of the Assembly, adopted Order No. 77:

" Instructing the Secretary-General to set up a group of independent experts including nationals of the metropolitan Powers, of overseas countries which have constitutional links with them and of the other member countries of the Council of Europe.

The task of this Group should be to re-examine the various measures advocated in the Strasbourg Plan (Recommendation 26), as also in the Reply of the Assembly to the comments made by the O. E. E. C. with regard to the Plan (Recommendation 61), in the light of the economic and political developments that have

13. See at the end of this Appendix for the text of this Recommendation.

14. [Document 231](#).

15. [Document 259](#)

16. Resolution (54) 28 adopted on 19th December 1954.

17. [Document 415](#)

taken place since the adoption of these texts. The Group should also submit any new proposals likely to encourage the economic and social development of Africa through co-operation on an equal footing within a Eurafrican Community".

Circumstances made it necessary to postpone the formation of the group. Hence, to avoid any further delay, and in view of the difficulty of securing full African representation in the relatively short time available, it was decided that the Group would hold its first meeting in Strasbourg from 20th to 22nd November 1956, with the seven experts (four Europeans and three Africans) who had already agreed to take part.

Order No. 105 (1957): At the opening of this meeting the experts unanimously agreed that the text of Order No. 77 should be amended on two points in order to enable the Group's work to continue and to bear fruit.

First, they noted that under the terms of this Order only experts from African countries which are in a dependent position with regard to certain European countries could be invited to take part in the work of the Group, to the exclusion of experts from the independent countries. They therefore urged that the text should be amended to allow the participation of experts from all African countries likely to be interested in these proceedings.

Second by, the members of the Group thought it important not to give the impression that their work would be governed by directives of apolitical character. They considered that, while their recommendations on the economic and social development of Africa should take into account the current political developments in the African countries, it was not for them to express any opinion thereon. They therefore recommended that no specific mention should be made in their terms of reference of expressions such as " a Eurafrican Community ", which have acquired a special political significance.

For all these reasons, the Standing Committee on 11th January 1957 adopted Order No. 105 which replaces Order No. 77 and constitutes the final terms of reference of the Study Group.

Order No. 105 reads as follows :

" The Standing Committee,

Considering that the evolution of the political situation in Africa necessitates the revision of Order 77 which it adopted in July 1955,

Accordingly cancels the said Order and in substitution therefore instructs the Secretary-General to set up a group of independent experts, comprising nationals of member countries of the Council of Europe (whether or not they have responsibilities in Africa) and of African countries, likely to be interested in the study of ways and means of promoting the economic and social development of Africa.

The group of experts should submit proposals designed to encourage and accelerate the economic and social development of Africa and to raise the standard of living of the African peoples, in the interests of the prosperity both of Africa and of Europe, through co-operation on an equal footing between the African countries and the member countries of the Council of Europe. In that connection, the group should re-examine the measures advocated in the Strasbourg Plan and in the reply of the Assembly to the comments made by O. E. E. C. on that Plan."

Recommendation 26¹⁸ on co-ordination between the economies of the Member States of the Council of Europe and those of the overseas countries having constitutional links with them

The Assembly,

Considering the importance of the economic problems confronting the area formed by the countries of Western Europe, on the one hand, and by the overseas countries, namely overseas territories and Dominions, having constitutional links with them, on the other;

Problems of concern to the area as a whole

Considering that the problem of the supply of raw materials is of vital importance to Europe;

Considering that Europe imports from the dollar area a large part of its raw materials and has been able to pay for them since the end of the war only because of the generous assistance afforded by the United States;

18. This Recommendation was adopted by the Assembly at the 20th Sitting of its Fourth Session on 25th September 1952 (See Doc. 64, Report of the Committee on Economic Questions).

Considering that it is neither possible nor desirable that such a state of affairs should be perpetuated;

Considering, furthermore, that the general consumption of raw materials will soon rapidly increase—the United States, which at present imports only 10 % of the raw materials that it consumes, expects to have to import 25 % thereof in 25 years' time;

Considering that the consumption of raw materials in Europe will also increase considerably if the OEEC plan to raise production by 25 % is carried out;

Considering that it is therefore essential for Europe to stimulate the development of the production of raw materials outside the dollar area and, in particular, in the area under consideration; and, further, that exports of raw materials from these countries would enable a triangular pattern of trade to be resumed, thus contributing to the solution of the problem of the dollar gap;

Considering that the European countries, on their side, must promote the economic development of the overseas countries by increasing their production of capital goods;

Considering the great economic importance of the Commonwealth;

Taking note of the statements by the Secretary of State for Foreign Affairs of the United Kingdom on these problems and on the role of the Council of Europe in their solution;

Problems of concern to the dependent territories

Considering that the economic expansion of dependent territories having constitutional links with the Member States of the Council of Europe should be directed primarily towards raising the standard of living of their populations, through the balanced development of their resources ;

Considering that the rate of progress in the economic development of these countries and the well-being of their inhabitants will be increased by making available to them the benefit of the economic, financial, scientific and technical resources of those European countries which have themselves no dependent overseas territories;

Considering that it is in the common interest of the peoples both of these territories and of Europe that industries should be established and developed in the said territories;

Recalling the terms of its Recommendation of 5th September 1949;

Having taken note of the Report of the independent experts consulted by the Secretariat-General,

1. Recommends that the Committee of Ministers invite the Governments concerned to base their policy on the following principles :

- a. Increased production of raw materials in the area under consideration and, in particular, increased production of such materials as are at present imported by Europe from the dollar area or are likely to be exported to that area;
- b. The adoption to this end of a policy of economic expansion;
- c. The utilisation of the resources of all Member States in equipping and developing overseas countries;
- d. The provision of facilities in the overseas countries for the settlement of nationals having economic, scientific and technical qualifications, and for the introduction of enterprises from countries having no dependent overseas territories;
- e. The co-ordination of investment projects, region by region and product by product;
- f. The creation of openings in the European countries for overseas products;
- g. The establishment in the dependent territories having constitutional links with certain Member States of industries for the processing of the raw materials produced by them, as well as industries producing goods for local consumption;

2. Recommends that the Committee of Ministers should invite the Governments concerned to initiate negotiations in order to attain the objectives defined in the experts' report, particularly by

- a. The establishment of a European Bank for the development of overseas territories, working in close co-operation with the International Bank for Reconstruction and Development;

- b.* The conclusion of long-term contracts and international agreements on basic products, covering both quantities and prices, thus giving the producer greater security and encouraging an expansion of output;
- c.* The introduction of a preferential system, founded on the general principles enunciated in the Secretariat-General's Report, and on a basis of reciprocity between the Commonwealth and dependent territories, on the one hand, and the other countries in the area under consideration, on the other.

Appendix 2 APPENDIX II

Average annual credits (gifts, loans and investments) granted to under-developed countries by West European countries, the United States and Canada (Average over the years 1952-1955). (Millions of U. S. dollars)

Creditor countries	Creditor countries		Public funds	Total
	Private Investments			
	Direct	Portfolio		
Belgium-Luxembourg	110	30	149	149
		—	—	—
		10	540	550
Rep. Fed. of Germany	1	—	—	1
	—	—	—	—
	—	—	—	—
	1	—	7	8
Netherlands	—	—	—	—
	—, —	—	—	—
		—	—	—
	—	—	—	—
United Kingdom	50	25	60	135
			7	7
		10		10
United States	30		50	80
	4	—	—	4
Estimates :				
Council of Europe Member Countries combined	215	80	620	915
O.E.E.C. Member Countries combined	230	90	635	955
Above group of countries.	265	95	685	1,045
I.B.R.D.				25
All under-developed Countries			National income per head of population (in dollars)	Tota credit per head ; of population (in dollars)
Private Investments	Public funds		Total	
Direct	Portfolio			
—	—	—	—	500
110	30	9	149	1,000
				950
— —	10	580	590	1,000
18	—	54	72	700
				250
		—	—	600
—		—	—	500
6			15	400
— — not available				
— less than 0,5 million U. S. dollars				

All under-developed Countries				National income per head of population (in dollars)	Total credit per head ; of population (in dollars)
Private Investments		Public funds		Total	
Direct	Portfolio				
29	—	13	42	700	4.0
	—	1	1	950	0.3
	—	—		1,100	—
—	—	—	—	300	
215	35	145	395	1,000	7.8
— . —		8	8	200	0.9
— —	11	1	12	1,000	2.4
730	30	770	1,530	2,250	9.4
41	—	28	69	1,650	4.5
450	85	815	1,350	750	5.0
470	100	830	1,400	720	5.0
1,240	130	1,630	3,000	1,300	6.5
			125		

— — not available

— less than 0,5
million U. S. dollars

The figures in the table above are incomplete; they are frequently non-comparable and sometimes involve a wide margin of error.

In many cases the figures for financial aid seem too low, especially as regards private investment. Even for public capital, the volume of which is generally better known, there are some under-estimates : thus the figures given for the United States do not include loans to metropolitan countries for the benefit of their overseas territories, while for a number of countries, the cost of technical assistance is omitted.

The estimate of national income per head is open to serious objections, since the accuracy of such calculations varies with the country, national currencies are converted into dollars at the official rate of exchange in force on 1st July 1957 and the internal price-level sometimes differs considerably from country to country.

For these reasons, the data in the table above must be viewed with extreme reserve; at the most, they may give a rough idea of the amount of aid received by the under-developed countries and of what has been done by contributing countries.

Appendix 3 APPENDIX III**AFRICAN TRADE WITH EUROPE**

In this appendix we shall endeavour to assess the implications which the creation of a European Common Market may have for the pattern of African trade with Europe. Particular attention will be paid to the two plans already under negotiation : the Common Market Treaty between the six countries of the European Community, which associates the overseas countries and territories with which they have special links, and the Free Trade Area between the OEEC countries.

Existing pattern of African trade with Europe**Exports from African countries****TABLE 1 - Total African exports country by country - (gold excluded) - (millions of dollars)**

Country	1950	1952	1954	1955
Belgian Congo, including Ruanda- Urundi	261	391	397	454
	190	274	287	326
	113	114	126	106
	333	415	401	463
French Cameroons	47	63	87	95
French Equatorial Africa	40	57	72	77
French West Africa	176	229	333	304
	71	94	92	82
	19	30	36	33
	253	363	418	370
	22	30	32	29
Kenya and U g a n d a	135	216	178	197
	66	130	103	102
Central Federation	242	357	411	484
Union of South Africa	628	799	928	1.031
Italian Somaliland	4	7	9	10
	75	96	103	98
	37	46	55	54
	95	123	116	145
	37	55	65	65
		(est)		
	10	13	11	13
	28	37	26	43
T O T A L for countries men-	3.074	4.155	4.570	4.826

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Source : European Development in Africa 1954-1955 and 1955-1956, United Nations.

The above table, which omits a number of quite minor territories, is solely intended to furnish a quantitative perspective against which the following text and figures—mostly concerned with percentage breakdowns—should be viewed. Summarily put, it shows that the countries and territories linked with the United Kingdom account for almost exactly 50 % of total African exports, while the comparable French figure—if Morocco and Tunisia are included here—is just above 30 %, with the Belgian Congo answering for almost 10 %, half of the remainder. If the Union of South Africa is excluded, these figures become 37 %, 38 % and 11 % respectively.

TABLE 2 - Destination of Exports from African Countries - (percentage of total African exports)

	1950	1952	1954
	70,8	72,1	71,2
Belgium and Luxembourg.	6,9	7,1	6,2
	21,5	21,6	21,1
Germany, Western.	4,2	4,2	5,0
Italy	1,9	2,6	3,1
*	2,8	3,2	3,7
	1,2	1,2	1,0
	28,3	29,4	28,7
Other O. E. E. C	4,1	2,8	2,3
	10,0	9,2	10,3
		10,9	11,3
	8,1	7,9	7,2

The table above clearly brings out the fact that OEEC member countries account for more than two-thirds of all African exports and that among these countries France and the United Kingdom are overwhelmingly predominant as purchasers of African products.

The figures bring out the overall importance of the OEEC area and the significance of its various member countries to African exports viewed as a whole. For the present inquiry, however, it is specifically of interest to examine the importance of the OEEC and its various member countries as markets viewed from the angle of each of the major African groupings. The following table represents a first step in this direction.

TABLE 3 - Distribution of African Exports to OEEC-area¹⁹

	1950			1954		
	OEEC area as percentage of total export.	Metrop. country as percentage of 1	Other OEEC as percentage of 1	OEEC area as percentage of total export.	Metrop. country as percentage of 4	Other OEEC as percentage of 4
French North Africa	79	74	26	76	71	29
	65	82	18	71	73	27
	85	67	33	82	73	27
	81	87	13	79	83	17
	73	44	56	66	39	61
	61	46	54	57	60	40

It is noted that the OEEC area in 1950 accounted for 71 % of total African exports and that this figure remained unchanged in 1954. However, the overall OEEC share covers quite considerable differences as between the various parts of Africa, the maximum—82 % of exports—being found in French North Africa and the minimum—57 %—in the Union of South Africa (1954).

19. Economic Developments in Africa 1954-1955, United Nations. The customs statistics used in this table indicate the apparent destination of exports. In view of the extent of transit trade in certain cases, the final destination may be very different. This is the case for the Belgian Congo, and the percentages for exports in 1952 and 1953 according to final destination are given below. (For other countries, the disparity is less marked and may be left aside.)
 - Customs statistics - Final destination
Belgian (1952 - 64 - 67 - 33 - 72 - 50 - 50
Congo (1953 - 77 - 72 - 28 - 70 - 34 - 66

Turning to the distribution of African exports according to whether they are destined for the metropolitan country or to other member countries—the main feature brought out is, of course, the very high degree to which African exporters depend upon the respective metropolitan countries for their market. Moreover, while this dependence declined somewhat between 1950 and 1954 in the case of the Belgian Congo²⁰, British Africa, French West and Equatorial Africa and Portuguese Africa, a reverse trend was evident in the case of French North Africa and the Union of South Africa.

On the other hand, it is still a sizeable—and in several parts increasing—share of African exports that go to other OEEC countries than the respective mother countries. There can consequently be no doubt that the inclusion or not of the African countries and territories in a European Common Market and Free Trade Area is an issue of real significance.

TABLE 4 - Africa's share in world production of certain commodities in 1954-1955

Agricultural commodities		Minerals	
Commodity	Percentage of world production	Commodity	Percentage of world production
Cocoa.	65	Diamonds	99
Coffee.	15	Cobalt	81
Wine	11	Gold	59
		Antimony	42
Ground nuts	25	Chromite	40
Olive oil	10	Manganese	36
Sesame	10	Phosphate rock	32
Palm kernels	75	Copper	27
Palm oil	65	Asbestos	17
		Tin	14
Sisal	58	Lead	12

Source : Economic Developments in Africa, 1954-1955, pages 67 et seq (United Nations).

Table 4 shows that Africa accounts for more than half the world production of four agricultural export commodities (cocoa, palm kernels, palm oil, and sisal) and three minerals (diamonds, cobalt and gold) and for between a quarter and a half of one agricultural commodity (ground nuts) and five minerals (antimony, chromite, manganese, phosphate rock and copper). If, instead of considering production, African exports were compared with world exports, it would be seen that Africa's share is still greater, since her industrial development is on the whole not yet very advanced.

African imports

Table 5, when compared with Table 1 (Exports), shows that African imports have increased in value more rapidly than exports during the period 1950 to 1955. The countries and territories linked with the United Kingdom account for about 50 % of the total, as against 35 % for the French currency area and 7 % for the Belgian territories. If the Union of South Africa is excluded, these percentages become about 30 %, 50 % and 8 % respectively.

TABLE 5 - Total African imports country by country - (millions of dollars)

Country	1950	1952	1954	1955
Congo Belge et Ruanda-	188	401	371	379
	434	639	622	697
	329	516	480	497
	147	185	170	181
	60	107	93	104
French Equatorial Africa	77	115	95	105

20. See footnote under Table 3.

Country	1950	1952	1954	1955
French West Africa	241	350	380	384
	86	134	137	122
	26	39	37	41
Union of South Africa.	853	1.171	1.228	1.350
Ghana (Gold Coast).	135	187	199	246
Federation of Rhodesia and	231	347	351	388
	173	317	319	380
	19	29	36	48
Kenya and Uganda	132	234	239	295
	68	105	89	122
Italian Somaliland	8	15	11	14
	58	91	96	90
	58	76	86	90
	78	177	139	140
Ethiopia and Eritrea	30	45	64	68
	19	32	32	40
	11	18	23	26
TOTAL for countries	3.461	5.330	5.297	5.808

Source : Yearbook of International Trade Statistics 1955, United Nations, and Economic Development in Africa 1955-1956, United Nations.

TABLE 6 - Sources of African imports (as percentage of total African imports, excluding Egypt)

Country	1950	1952	1954
OEEC countries, total	65,3	65,7	65,3
Belgium and Luxembourg	3,1	4,7	4,0
	28,5	27,3	26,4
Federal Republic of Ger-	1,4	3,0	4,3
Italy	1,4	1,9	2,2
	1,3	2,0	2,3
	1,6	1,5	1,6
	25,8	22,8	22,0
Other OEEC countries	2,1	2,7	2,6
	12,0	13,0	11,3
	10,0	9,5	10,1
	12,8	11,8	13,3

Source : Economic Developments in Africa, 1954-1955, page 85 (United Nations).

This table shows that the OEEC countries provide nearly two-thirds of African imports; France and the United Kingdom account for half the total between them.

Table 7 below shows, for each of the main African groups, the percentage of their imports which come from OEEC countries.

TABLE 7 - Distribution of imports from OEEC countries among the main groups of African countries

African countries	1950			1954		
	OEEC as percentage of total	Metrop. countries as percentage of 1	Other OEEC countries as percentage of 1	OEEC as percentage of total	Metrop. countries as percentage of 4	Other OEEC countries as percentage of 4
	59	67	33	63	59	41

African countries	1950			1954		
	OEEC as percentage of total	Metrop. countries as percentage of 1	Other OEEC countries as percentage of 1	OEEC as percentage of total	Metrop. countries as percentage of 4	Other OEEC countries as percentage of 4
	61	85	15	60	74	26
	80	90	10	79	86	14
Other French African countries.	76	92	8	79	86	14
	70	57	43	72	53	47
	52	79	21	51	68	32

Source : Economic Developments in Africa, 1954-1955, page 85 (Nations Unies).

Table 6 showed that the share of the OEEC countries in African imports did not change between 1950 and 1954 : 65 % of the total; but this overall percentage conceals wide variations : the maximum in 1954 was 79 %, for the French currency area, and the minimum 51 %, for the Union of South Africa.

Table 7 brings out the important share of the metropolitan countries in African imports but shows a general falling-off between 1950 and 1954, particularly marked in the case of British Africa.

Guiding factors for assessing the effects upon African trade of the Common Market Treaty and European Free Trade Area

As it is impossible to undertake a detailed study of the implications of a European Common Market for the pattern of African trade, or to examine the various possibilities as matters stand at present, we shall merely try to give some items of information, first recalling :

(i) that the Common Market Treaty of the Six provides for the association of the dependent territories; that the market of the Six is open to exports from those territories and is protected by a common customs tariff (subject to exceptions in the case of coffee and bananas) and that, in consequence, a preferential system is set up for exports from those territories to the detriment of other producing countries, including African countries.

(ii) that the discussions on the Free Trade Area are not yet far enough advanced to show whether agricultural commodities will be included (there being strong opposition), whether the overseas countries and territories having special links with European countries will be associated or not (the question having already arisen for the countries associated with the Common Market, which is to enter the Free Trade Area as a whole); and, if so, whether tropical agricultural commodities will be included if it is proposed to exclude European agricultural commodities.

Separate examination of the commercial exchanges of a few important African countries, and territories may serve to illustrate the magnitude of the interests involved. It follows from what has just been said that, in this connection, particular importance attaches to a distinction being made between British and Portuguese countries and territories, on the one hand, and the French on the other. For members of the former group a primary concern is the extent to which their exports are affected by a simultaneous creation of a Common Market of the Six that includes their overseas territories, and an associated Free Trade Area that excludes overseas territories. Members of the latter group will not only be interested in the advantages expected from their inclusion in the Common Market, but will be concerned as well with respect to any reduction of these advantages that might follow from the inclusion into the Free Trade Area of all overseas territories of the participating countries. For both groups the proportions in which exports to OEEC Members other than the metropolitan country are destined for the Six or for other member countries is thus of major interest.

In Table 3 it was shown that British Africa (excluding the Union of South Africa, (which will not be dealt with here) in 1954 marketed 27% of its exports to the OEEC area in other O. E. E. C. countries than the United Kingdom. The four most important exporters are the Central Federation, Nigeria, the Gold Coast (Ghana) and Kenya-Uganda, with total export values in 1955 of 170 million pounds, 129 million pounds, 87 million pounds and 68 million pounds, respectively, adding up to 454 million pounds (or more than one-fourth of total African exports). Unfortunately, the available statistics do not permit the breakdown of exports by country of

destination as well as by commodity, but only a breakdown by each of these criteria separately. This drawback is, however, to some extent mitigated by the fact that African exports are in most cases so heavily concentrated on a very few products (for details, see Table 8).

Thus, as regards the Central Federation of Rhodesia and Nyasaland, no less than 80 % of 1955 export earnings were derived from only two products, copper (65 %) and tobacco (15 %). Of the total exports, 170 million pounds worth, the United Kingdom alone accounted for 93 million pounds while the imports of other OEEC countries were only 28 million pounds or 17 %. The important thing to note is, however, that three-fourths of the 28 million pounds were sales to the Six, the Federal Republic leading with 8 million pounds, followed by France and Italy with 5 and 4 million pounds respectively.

As for Nigeria, no less than 70 % of its exports in 1955 are accounted for by oil and oilseeds (50 %) and cocoa (20 %). Of the total export earnings, 129 million pounds, the United Kingdom accounted for 91 million pounds and other OEEC countries for 24 million pounds or 18 %. Virtually all of these 24 million pounds were sales to the Six, the Netherlands leading with 10 million pounds, followed by Germany, France and Italy (4, 3, 3 million pounds respectively).

The Gold Coast (Ghana) is essentially a one-commodity exporter, with 75% of all export earnings being derived from cocoa. Of the total 1955 exports, 87 million pounds, about 30 million pounds went to the United Kingdom while other OEEC countries accounted for 29 million pounds or 33 %. The distribution of the latter exports conforms to the pattern found for Nigeria. No less than 26 of the 29 million pounds are exports to the Six, the Federal Republic and the Netherlands taking the lion's share with each about 11 million pounds; the Scandinavian countries share the remaining 3 million pounds.

Finally, as regards Kenya-Uganda, the chief commodities are coffee and oil and oil-seeds, comprising 43 % and 29 %, respectively, of total 1955 export earnings, which were 68 million pounds. The United Kingdom was a purchaser to the tune of 16 million pounds, or 23 %, while other OEEC countries accounted for exactly the same share. Here again, practically all the latter exports are to the Six, Germany leading with 8 million pounds, followed by Italy and the Netherlands with 4 and 2 million pounds, respectively; the non-Six OEEC countries hardly figure at all in the picture.

To sum up : All the four chief trading countries in British Africa have their most important market in the United Kingdom. Still, a sizeable proportion of their exports are sold to other OEEC countries, the overwhelming share going to the Six.

Turning to Portuguese Africa it is worth noting that in 1954 no less than 61 % of its exports to the OEEC area were destined for other countries than Portugal (see Table 31).

Angola specialises in coffee which comprised 45 % of total 1954 exports, followed by diamonds with 12 %. Export earnings in that year were 2,957 million escudos of which the U. S. A. accounted for 816 million or 27 %, and Portugal for 616 million or 21 %. Exports to other OEEC countries totalled 1,290 million escudos or almost 45 %, of which a little more than one-half went to the Six (the Netherlands and Germany being the most important with 327 and 215 million escudos, respectively), and a little less than one-half to the non-Six (overwhelmingly the United Kingdom with 500 million escudos).

Mozambique exports consist as to 41 % of textile fibres and as to 24 % of oil and oil-seeds. Of total exports in 1954, 1,583 million escudos, Portugal accounted for more than 40 % while other OEEC countries took a further 28 % or 438 million escudos. The larger part of these latter exports—19 % of the total or 298 million escudos— went to the Six, mainly France and Germany, while the remaining 9 % were accounted for by non-Six countries, the United Kingdom leading the Scandinavian countries.

To sum up : Portuguese Africa is of small importance in African exports, to which they contribute only 4 %. For the more important of the two territories—Angola—Portugal is only a limited purchaser of its products. As in the case of British Africa a sizeable proportion of total exports go to other OEEC countries than the mother country, but in contrast to British Africa these latter exports were less unevenly distributed among the Six and non-Six, in the case of Angola this being essentially due to the important role of the United Kingdom.

As regards Belgian Congo, including Ruanda-Urundi, the main products exported in 1955 were copper (36 % of the total), non-ferrous metals (21 %), coffee (9 %) and oil and oil-seeds (9 %). Of the total exports, amounting to 23 thousand million Belgian francs, just about 50 % were destined for Belgium, while a further 26 % were marketed in other OEEC countries. These 26 %, or 5,700 million Belgian francs, were distributed as to 17 % to the other countries among the Six (with France far in the lead) and 9 % to non-Six OEEC

countries (overwhelmingly the United Kingdom). In other words, fully two-thirds of Congolese exports were sold within the future Common Market and only a small proportion in the remainder of the future Free Trade Area.

In respect of French Africa it was previously found that Algeria, Morocco and Tunisia, taken as a whole, in 1954 marketed 27 % of their exports to the OEEC area in other countries than metropolitan France; for the remainder of French Africa, essentially French Equatorial Africa and French West Africa, the corresponding figure was only 17 %. The three most important traders among the African countries and territories where France carries special responsibilities are Algeria, Morocco and French West Africa with export values in 1954 of 161 milliard French francs, 114 milliard French francs and 58 milliard French francs, respectively, (French Equatorial Africa following far behind with 13 thousand million francs).

The main item in Algerian exports is wine (40 % of the total), followed by fruit and vegetables (15 %) and iron ore (8 %). Of the total 1955 exports, 161 billion French francs, metropolitan France took a full 119 milliards or almost three-fourths while other OEEC countries took merely 21 billion francs or 13 %. These latter exports were divided roughly in the proportion 1 : 2 as between the partners among the Six and non-Six OEEC countries (Germany dominating in the first and the United Kingdom in the second group). Thus, the six countries members of the future Common Market together account for almost 80 % of Algerian exports, with less than 10 % going to the remainder of the future Free Trade Area.

The chief export goods of Morocco are calcium phosphate, grain, fruit and vegetables and non-ferrous metals, which in 1955 accounted for 19 %, 15 %, 11 % and 10 %, respectively, of total foreign sales amounting to 114 thousand million French francs. Metropolitan France took 45 % of the total while a further 28 % was marketed in the rest of the OEEC area. Two-thirds of the latter exports, or 21 thousand million francs, went to the other five countries among the Six (with Germany and Italy in the lead) while one-third, or 10 thousand million francs went to non-Six OEEC countries (predominantly the United Kingdom). Thus the six countries together accounted for about 64 % of Moroccan exports while less than 10 % went to other OEEC countries.

Three commodities comprise more than four-fifth of French West African exports : oil and oil-seeds (43 %), coffee (21 %) and cocoa, (17 %). Of the total export earnings in 1955 58 thousand million French francs, metropolitan France accounted for 39 thousand million or 67 % while a further 10 % or almost 6 milliard francs went to the other OEEC countries. Of the latter exports more than two-thirds were taken by the other five countries among the Six (with the Netherlands in the lead) while the United Kingdom accounted for the rest. Thus, three-fourths of French West Africa's exports were destined for the Six, the remainder of the OEEC countries making up only 3 %.

TABLE 8 - AFRICAN EXPORTS (f.o.b.) 1955 - (million S)

	Total	Fruit	Coffe	Coco	Nuts	Veget	Toba	Sisal	Grain	Woo	Ores	Cale.	Copp	Tin	Misc
	1	s and	e	a		able	cco			d	other	Phos	er		ellan
		Veget				oil					then	ph			eous
		ab.									copp				
											er &				
											thin				
Belgi	454		41		7	41	32						161	29	Cobal
an															t : 39
Cong															
o															
Algeri	463	65				7	15		15		37	7			Wine
a															: 178
Moro	326	33							48		39	61			Fish :
cco															21
Tunisi	106					8			13		11	16			Metal
a															s : 11
Fr.	77		3				26			31					Diam
Eq.															onds :
Africa															3
1.															
Gold															
exclu															
ded.															
2.															
1954.															

	Total 1	Fruit s and Veget ab.	Coffe e	Coco a	Nuts	Veget able oil	Toba cco	Sisal	Grain	Woo d	Ores other than copp er & thin	Cale. Phos ph	Copp er	Tin	Misc ellan eous
Fr. W. Africa	333		101	50	79	49									Oilca ke : 11
Fr. Came roons	95	7	13	46			3								
Mada gasca r	82		35				6		7						Spice s : 6
Reuni on	33														Spice s : 29
Nigeri a	370	7		73	127	46	26				15			16	
Ghan a (Gold Coast)	245			184						23	15				Diam onds : 15
Kenya — Ugan da	197		81		3		48	6							Tea : 11
Tang anyikj	102		19		5		15	28							Diam onds : 9
Sierra Leon e	32		2		11						8				Diam onds : 5
Brit. Soma li	3														Livest ock for food : 2
Centr. Feder ation	484						71				10		310		Tea : 9
Union of S. Africa	1.031	65							45		48		29		Wool: 165 Fissio nable mater ial: 84 Diam onds: 90
Angol a 1	103		46					6	7						Diam onds : 12
1. Gold exclu ded.															
2. 1954.															

	Total 1	Fruit s and Veget ab.	Coffe e	Coco a	Nuts	Veget able oil	Toba cco	Sisal	Grain	Woo d	Ores other then copp er & thin	Cale. Phos ph	Copp er	Tin	Misc ellan eous
Moza mbiqu e	55				12		19	4							Sugar : 4 Thé : 5
Italian Soma li	10										7				Rubb er : 33
Liberi a	43				1										
Libya	13				2										
Suda n	145				22		87								
Ethio pia and Eritre a	65		34		5										
1. Gold exclu ded.															
2. 1954.															

Source : United Nations Yearbook of International Trade Statistics 195