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CO-OPERATION BETWEEN LATIN AMERICA AND AFRICA IN THE FIELD OF EXTERNAL TRADE.-

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I N D E X

1. Introduction

The study presented below forms part of a specific work programme agreed upon in January 1981 between the Economic Commission for Africa (ECA) and the Economic Commission for Latin America (CEPAL), with the ultimate object of carrying out specific projects for economic and technical co-operation between the two regions. 1/ Furthermore, this programme ranks among the broader efforts that the developing countries are making to promote reciprocal co-operation in the fields indicated, as a means of resolving the principal problems they have in common, sharing the specific experience acquired by each in tackling these problems and, lastly, reducing their economic dependence upon the more developed countries.

This new form of co-operation was devised in the course of the 1970s by the developing countries themselves, and has been the chief object of a number of international conferences and agreements, among which may be mentioned the United Nations Conference on Technical Co-operation among Developing Countries, held in Buenos Aires in 1978, the Programme for Collective Self-Reliance agreed upon at Arusha in 1979, and the resolutions adopted on the subject at several sessions of the Regional Economic Commissions. 2/

Accordingly, agreements exist with respect to the guiding principles that should be followed by this form of co-operation, which has also been called "horizontal co-operation", and progress has even been made in the designing of the mechanisms and instruments for putting it into practice. In given sectors and among a limited number of countries interesting co-operation activities have already taken concrete shape, often under the aegis of private interests. The experience gained, however, is limited as yet, and at the present stage it is difficult to generalize as to the character and effects of these instances of co-operation. International trade is indubitably one of the most promising fields for horizontal co-operation, and is *de facto* the area where it is easiest to build up new economic inter-relationships which are of mutual benefit to the parties concerned, and which serve as a supplement and alternative to the traditional orientations of the external sector in developing economies.

Only in the mid-1960s did effective trade links between Africa and Latin America -formerly non-existent in practice-begin to be forged, and not until the early 1970s was a rapid expansion of this trade to take place, coinciding with a general boom in world trade. It may properly be called a nascent trade, still characterized by a very modest share in the international trade of the two regions and a low degree of diversification as regards the countries involved and

1/ UNDP Project INT/80/908/A.15/52, "Promotion of technical and economic co-operation between Africa and Latin America".

2/ The ECA/CEPAL Co-operation Programme is based on the mandates contained in resolutions 302 (XIII) and 355 (XIV) of ECA and resolutions 363 (XVII) and 387 (XVIII) of CEPAL.

the products traded, with the consequent quantitative and qualitative disequilibria.

The present study reflects the findings of a preliminary investigation in this field, and has certain shortcomings deriving from the sphere of work and from the relative shortage of available background data. Its main object is to offer an orderly presentation of the historical data that it has been possible to assemble up to now, and to deduce from this analysis some considerations and recommendations for the projection and promotion of the trade in question, as an approach to an initial exchange of ideas with officials of the Economic Commission for Africa. The analysis is of a fairly traditional type, since it centres upon the past development and present situation of trade between the two regions as a whole; that is, trade is studied and projected not at the bilateral but at the global level, and the recommendations formulated are also of a general character. Unquestionably, the study can be improved and developed in greater depth by means of systematic contacts with the Economic Commission for Africa.

I. RECENT DEVELOPMENT AND PRESENT SITUATION OF TRADE

A. External trade of Latin America and Africa

1. Introduction

In the first place, it is important to delineate the geographical space of the regions with which the analysis is concerned. 1/ The African region comprises the 50 countries forming that

1/ There are sound reasons for choosing one particular geographical delimitation rather than another, since the character and the result of the analysis alter radically according to the definition adopted. As regards the Latin American region, a doubt might arise as to whether the definition should include all the island countries and territories situated in the Caribbean Basin. This broader definition, which appears in the statistical publications of UNCTAD and covers what is commonly known as "Developing America", includes all these countries and even Greenland, thus giving us a total of 54 countries. The inclusion of the Caribbean countries in the statistical tables introduces a distortion that is more than merely formal, inasmuch as the trade of several of these countries and territories with the world and with Africa is virtually limited to imports of petroleum which is refined and then re-exported. This is the case with the Netherlands Antilles, the Virgin Islands, Bahamas and Trinidad and Tobago, where some of the largest oil refineries in the world are to be found. The inclusion of these countries would make a very significant difference to the results of the analysis, since the level of the trade in question is very high and it has special characteristics. It is basically for this reason that the decision was taken to deal with the case of these oil-refining countries and territories in separate sections. (See sections I.C. and I.D.5.)

/continent together

continent together with the neighbouring island territories. The region is bounded at one extreme by Egypt and at the other by the Republic of South Africa, this latter being excluded from the study. As regards the Latin American region, it was decided to confine the global statistical analysis to the 20 continental countries, leaving out virtually all the countries and territories situated in the Caribbean Basin. 2/ Reference will be made in the text, however, to the special position of these latter countries and territories in trade with Africa.

Table 1 assembles statistical data on certain basic indicators relating to the size, economic potential and levels of development of the two groupings of countries. The population and area of Africa are somewhat larger than those of Latin America. On the other hand, their respective population growth rates are the same (2.8%) and their population densities are similar (16 and 14). It is in the income indicators that the biggest and most significant differences between the two regions are to be found, as reflected in the various data on the Gross Domestic Product (GDP). Latin America's total GDP is more than twice as high as Africa's (412 000 million dollars as against 194 000 million) and in terms of GDP per capita the corresponding ratio is 2.6:1. Generally speaking, the African economies are smaller than those of Latin America and their average growth rate has also been slightly lower in the last two decades. Lastly, the heterogeneity of the African countries is greater, as can be deduced from the marginal variation between maximum and minimum GDP per capita figures in the two regions.

2/ For the purpose of the present study the Latin American region is confined to the following countries: Argentina, Brazil, Mexico, Venezuela, Colombia, Ecuador, Peru, Bolivia, Chile, Uruguay, Paraguay, Panama, Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, Dominican Republic, Haiti and Cuba. Owing to the lack of updated information, however, it has been necessary on several occasions to limit the analysis to an even smaller group of countries. For this same reason the other Caribbean countries, such as Guyana, Jamaica, Barbados and Suriname, have not been included. However, such few data as are available for these countries show that their trade with Africa up to now has been virtually negligible.

Table 1

LATIN AMERICA AND AFRICA: POPULATION, AREA, POPULATION DENSITY AND GROSS DOMESTIC PRODUCT, 1977

		Latin America	Africa
1.	Number of countries and territories	20	50
2.	Population (millions of inhabitants)	330	408
	Population growth rate (annual percentage 1970-1977)	2.8	2.8
3.	Area (thousands of km2)	20 050	29 090
	Density (number of inhabitants per km2)	16	13
4.	Gross Domestic Product (thousands of millions of dollars)	412	194
	Per capita GDP (dollars)	1 250	482
	GDP growth rate (annual percentage) 1960-1970	5.5	4.8
	1970-1979	5.8	5.1
	Per capita GDP growth rate 1960-1970	2.5	2.1
	1970-1979	3.1	2.2
	GDP Maximum (millions of dollars)	166 300	34 850
	Minimum (millions of dollars)	1 300	111
	Per capita GDP		
	Maximum (dollars)	2 632	7 340
	Minimum (dollars)	241	102

Source: UNCTAD, Handbook of International Trade and Development Statistics, Supplement: 1980.

2. Global trade

Latin America's global trade totalled about 150 thousand million dollars in 1979, when exports attained a level of 71 thousand million dollars and imports reached 79 thousand million dollars. These figures show a substantial increase over those recorded at the beginning of the decade, when global trade amounted to only 30 thousand million dollars, relatively evenly distributed between sales and purchases abroad. In other words, the region's trade was almost quintupled in the period under discussion, the expansion being more marked in the case of imports than in that of exports. The increase was much greater in the first four years of the decade than in the rest of the period; the explanation of this is to be found in the boom in world trade at that time. (See table 2.) 3/

3/ All figures in the rest of the report are expressed in terms of dollars at current prices.

Table 2

LATIN AMERICA AND AFRICA: TOTAL EXPORTS AND IMPORTS AND TRADE DEFICIT, 1970, 1974-1979

(Millions of dollars)

	1970	1974	1975	1976	1977	1978	1979
Latin America							
Exports	14 788	39 385	37 332	42 324	49 611	54 539	70 992
Imports	15 292	44 190	46 905	48 258	54 168	62 297	79 426
Trade deficit	504	4 805	9 573	5 934	4 557	7 758	8 434
Africa							
Exports	12 310	38 705	33 960	41 151	47 896	44 753	66 576
Imports	11 950	32 118	41 022	42 292	52 183	57 401	64 095
Trade deficit	+360	+6 587	7 062	1 141	4 287	12 648	+2 481

Source: UNCTAD, Handbook of International Trade Statistics, 1979; CEPAL, external trade matrices.

Note: A + sign indicates the existence of a surplus.

Africa's total trade flows, in their turn, amounted to 131 thousand million dollars in 1979, when export and import levels stood at 67 thousand million dollars and 64 thousand million, respectively. Like that of Latin America, Africa's global trade shows a marked increase during the decade, since, in 1970, it totalled only 24 thousand million dollars, evenly distributed between exports and imports. It too grew far more in the early part of the decade than in the later years, and, as in the Latin American region, imports exceeded exports, which meant that both regions were faced with increasing trade deficits. (See again table 2.)

To sum up, there is a good deal of similarity between the two regions' total amounts of external trade, and coincident features also appear in the recent behaviour of these variables, which is hardly surprising in view of the resemblance between the positions held by Africa and Latin America in the world economy.

3. Markets of destination and of origin

Essentially, both Latin America's exports and its imports are traded with the market-economy developed countries. During the past decade, however, there has been a visible tendency towards a modification of this bias, particularly in the case of imports. (See table 3).

Table 3

LATIN AMERICA: MARKETS OF ORIGIN AND DESTINATION OF EXTERNAL TRADE, 1970, 1974-1979

(Thousands of millions of dollars, and percentage distribution)

	Year	World	Developed countries	Centrally planned economies	Total developing countries	America		Africa	Asia excluding the Middle East	Middle East	Oceania
						Developing	Latin				
					Exports						
Values	1970a/	15 290	10 930	1 110	3 250	2 978	1 740	97		175	
	1974	39 385	26 028	2 866	10 187	8 701	5 687	669	314	486	18
	1975	37 332	22 925	4 009	10 113	8 477	6 026	743	309	584	1
	1976	42 324	26 906	4 203	10 864	9 209	6 698	763	409	483	1
	1977	49 611	31 581	5 120	12 680	10 352	7 979	960	756	609	3
	1978	54 539	34 581	6 003	13 629	10 958	8 391	1 109	903	657	2
	1979	70 992	44 405	6 322	20 026	16 985	11 612	1 184	1 063	791	5
Percentages	1970a/	100.0	71.5	7.3	21.2	19.5	11.4	0.6		1.1	
	1974	100.0	66.1	7.3	25.9	22.1	14.4	1.7	0.8	1.2	0.1
	1975	100.0	61.4	10.7	27.1	22.7	16.2	2.0	0.8	1.6	0.0
	1976	100.0	63.6	9.9	25.7	21.8	15.8	1.8	1.0	1.2	0.0
	1977	100.0	63.7	10.3	25.6	20.9	16.1	1.9	1.5	1.2	0.0
	1978	100.0	63.4	9.4	25.0	20.1	15.4	2.0	1.7	1.2	0.0
	1979	100.0	62.5	8.9	28.2	23.9	16.4	1.7	1.5	1.1	0.0
					Imports						
Values	1970a/	14 710	11 420	1 000	2 290	1 850	1 740	87		353	
	1974	44 190	32 036	1 960	10 193	6 067	5 678	995	527	2 604	0
	1975	46 905	33 970	2 681	10 254	6 546	6 026	584	436	2 688	0
	1976	48 258	33 213	2 965	12 080	7 399	6 698	608	562	3 510	0
	1977	54 168	37 050	3 480	13 638	8 607	7 979	602	885	3 544	0
	1978	62 297	43 410	4 183	14 704	9 055	8 391	604	1 100	3 945	0
	1979	79 426	53 287	4 858	21 281	12 424	11 612	798	1 834	6 219	5
Percentages	1970a/	100.0	77.6	6.8	15.6	12.6	11.9	0.6		2.3	
	1974	100.0	72.5	4.4	23.1	13.7	12.8	2.2	1.2	5.9	-
	1975	100.0	72.4	5.7	21.9	14.0	12.8	1.2	0.9	5.7	-
	1976	100.0	68.8	6.2	25.0	15.3	13.9	1.3	1.2	7.3	-
	1977	100.0	68.4	6.4	25.2	15.9	14.7	1.1	1.6	6.5	-
	1978	100.0	69.7	6.7	23.6	14.5	13.5	1.0	1.8	6.3	-
	1979	100.0	67.1	6.1	26.8	15.6	14.6	1.0	2.3	7.8	-

Source: UNCTAD, Handbook of trade and development statistics; CEPAL, external trade matrices.

a/ The figures for the year 1970 were partly estimated.

In the early 1970s trade with the developed countries accounted for almost three-quarters of total trade, i.e., much the same proportion as during the previous fifteen years. In more recent years, on the other hand, this share dwindled to 63% in the case of exports and 67% in that of imports (by the year 1979).

Over against this decline in the participation of the developed countries a correlative increase is observable in the proportions represented by trade with the developing countries and, to a less obvious extent, with the centrally-planned economies.

Rather more than one-fourth of Latin America's trade is carried on with the developing world. Outstanding here is trade within the Latin American region itself, which amounts to approximately 15% of the region's total external trade. This intra-regional trade passed through a period of rapid growth in the 1960s and in the first half of the 1970s, but lately its relative weight has remained virtually constant at about the level indicated.

In comparison with the above-mentioned percentages, the relative importance of the other developing regions for Latin American trade is relatively slight: Africa absorbs less than 2% of Latin America's exports and provides 1% of its imports; the Middle East is one of Latin America's leading suppliers of petroleum, a fact that is reflected in a growing share in its imports; the relative weight of Asia is also tending to increase in respect of both exports and imports; and, lastly, trade relations with Africa have not been particularly dynamic up to now, to judge by its percentages of participation, which would seem even to have decreased where Latin America's imports are concerned.

Africa's trade moreover, is even more dependent than Latin America's on the developed countries. In the 1960s this situation seems to have been intensified, while at the same time the relative importance of trade relations with the centrally-planned economies decreased. By the end of the decade, 85% of Africa's exports went to the developed world and 80% of its imports came from the same countries. With regard to the centrally-planned economies, the corresponding percentages were 3% and 7%, respectively. (See table 4).

Table 4

AFRICA: MARKETS OF ORIGIN AND DESTINATION OF EXTERNAL TRADE, 1970, 1974-1979

(Thousands of millions of dollars, and percentage distribution)

	Year	World	Developed countries	Centrally planned economies	Total developing countries	America		Africa	Asia excluding the Middle East	Middle East	Oceania
						Developing	Latin				
					Exports						
Values	1970	12 310	10 060	895	1 240	235	-	650	240	115	-
	1974	38 705	31 647	1 907	4 467	1 922	995	1 839	364	340	2
	1975	33 960	26 510	2 252	4 964	2 227	584	1 925	356	450	6
	1976	41 151	33 509	1 852	5 274	2 864	608	1 396	421	592	1
	1977	47 896	39 452	1 794	6 274	3 544	602	1 760	327	640	2
	1978	44 753	37 906	1 902	4 611	1 860	604	1 606	420	724	2
	1979	66 576	56 716	2 262	7 283	2 872	798	2 900	610	900	1
Percentages	1970	100.0	81.7	7.3	10.1	1.9	...	5.3	1.9	0.9	-
	1974	100.0	81.8	4.9	11.5	5.0	2.6	4.8	0.9	0.9	-
	1975	100.0	78.1	6.6	14.6	6.6	1.7	5.7	1.0	1.3	-
	1976	100.0	81.4	4.5	12.8	7.0	1.5	3.4	1.0	1.4	-
	1977	100.0	82.4	3.7	13.1	7.4	1.3	3.7	0.7	1.3	-
	1978	100.0	84.7	4.2	10.3	4.2	1.3	3.6	0.9	1.6	-
	1979	100.0	85.2	3.4	10.9	4.3	1.2	4.4	0.9	1.4	-
					Imports						
Values	1970	11 950	9 150	1 190	1 610	125	-	650	485	350	-
	1974	32 118	24 458	2 373	5 256	798	66	1 839	1 135	1 484	-
	1975	41 022	32 460	2 473	6 089	1 000	743	1 925	1 424	1 741	-
	1976	42 292	34 179	2 470	5 643	987	763	1 896	1 602	1 658	-
	1977	52 183	42 325	3 101	6 758	1 367	960	1 760	2 112	1 519	-
	1978	57 401	46 213	3 846	7 342	1 517	1 109	1 606	2 457	1 762	-
	1979	64 095	50 068	4 229	9 797	1 642	1 184	2 900	2 781	2 474	-
Percentages	1970	100.0	76.6	9.9	13.4	1.0	...	5.4	4.0	2.9	-
	1974	100.0	76.2	7.4	16.4	2.5	2.1	5.7	3.5	4.6	-
	1975	100.0	79.1	6.0	14.8	2.4	1.8	4.7	3.5	4.3	-
	1976	100.0	80.8	5.8	13.8	2.3	1.8	3.3	3.8	3.9	-
	1977	100.0	81.1	5.9	12.9	2.6	1.8	3.4	4.0	2.9	-
	1978	100.0	80.5	6.7	12.8	2.6	1.9	2.8	4.3	3.1	-
	1979	100.0	78.1	6.6	15.3	2.6	1.8	4.5	4.3	3.9	-

Source: UNCTAD, Handbook of trade and development statistics; CEPAL, external trade matrices.

a/ *The figures for the year 1970 were partly estimated.*

The behaviour of Africa's trade with the developing countries has varied a good deal in the period under review, and no clearly-defined trend can be determined. Recently the developing countries have absorbed 10% of African exports and Africa in turn has obtained not more than 15% of its imports from the countries in question. In contradistinction to what has happened in Latin America, trade within the African region itself does not exceed 5% of the region's total exports or imports and these percentages tend on the whole to decline. Nor has any particular dynamism been shown by trade with Latin America, whose share hovers around 1% of Africa's exports and 2% of its imports. Exports to Asia and the Middle East attain practically the same levels, although in general the relative weight of imports from these two regions is greater. Obviously, the major determining factor in Africa's trade is still its relationship with the developed market economies, and Africa arguably has even more reason than Latin America to require not only dynamization but also diversification of its trade as regards its markets and supplier countries.

4. The composition of trade

Latin America exports primarily agricultural commodities, especially foods. Second to these come fuels, then manufactures, and, lastly, mineral products. Exports of agricultural items show a rising trend throughout the decade, reaching 31 000 million dollars in 1979; those of fuels, on the other hand, after a market upswing in the years 1973 and 1974, remained stabilized for some years at about 10 000 million dollars, but in 1979 were doubled, under the influence of price increases and Mexico's entry into production on a massive scale. A temporary stagnation is observable in the case of mineral products, external sales of which throughout the past five years have fluctuated between 5 and 7.5 thousand million dollars. The only export line that has grown steadily, both in absolute terms and in relative importance, has been that of manufactures, which in 1979 amounted to 13 000 million dollars and accounted for 19% of the region's total exports. (See table 5).

Table 5

LATIN AMERICA AND AFRICA: STRUCTURE OF EXPORTS, 1974-1979

	1974		1975		1976		1977		1978		1979	
	Latin America	Africa	Latin America	Africa	Latin America	Africa	Latin America	Africa	Latin America	Africa	Latin America	Africa
	Millions of dollars											
Food and agricultural raw materials a/	16.7	8.8	17.3	8.0	20.2	9.1	25.3	11.3	26.3	10.7	31.2	12.8
Minerals and non-ferrous metals b/	5.0	4.8	4.2	3.7	5.0	3.7	5.0	3.5	5.3	3.5	7.5	4.2
Fuels c/	12.1	23.3	10.2	20.7	10.5	26.9	11.4	30.8	11.7	27.5	19.7	45.5
Manufactures d/	5.5	1.8	5.5	1.8	6.3	1.6	7.7	2.0	9.9	2.1	13.2	4.0
Total	39.4	38.7	37.3	34.0	42.2	41.4	49.5	47.8	53.4	44.1	71.0	66.6
	Percentages											
Food and agricultural raw materials a/	42.4	22.7	45.9	23.5	47.9	22.0	51.1	23.6	49.3	24.3	43.9	19.2
Minerals and non-ferrous metals b/	12.7	12.4	11.1	10.9	11.8	8.9	10.1	7.3	9.9	7.9	10.6	6.3
Fuels c/	30.7	60.2	27.1	60.9	24.9	65.0	23.0	64.4	21.9	62.4	27.7	68.3
Manufactures d/	14.0	4.5	14.6	5.3	14.9	3.9	15.6	4.2	18.5	4.8	18.6	6.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: CEPAL, external trade matrices, 1978 and 1979.

a/ Including SITC sections 0, 1, 2 (excluding divisions 27 and 28) and 4.
b/ Including SITC divisions 27, 28 and 68.
c/ Including SITC section 3.
d/ Including SITC sections 5, 6 (excluding division 68), 7 and 8.
e/ This total does not add up to 100% because section 9 is excluded.

Undisputedly predominant in the composition of Africa's exports are fuels, sales of which in recent years have exceeded 25 000 million dollars, with a relative importance which has never dropped below 60%. Foods and agricultural raw materials take second place with nearly one-fourth of Africa's total external sales, followed by mineral products with a declining share, and, lastly, by manufactures, which account for barely 6% of the total, with sales amounting to 4 000 million dollars.

The structure of imports of both these developing regions is decisively determined by purchases of manufactures: in Africa they represent practically three-quarters of the total, and in Latin America 70%. In the Latin American region, fuels are second in importance and their share in imports has approached 13% in recent years. In Africa's case, purchases of petroleum take only third place, with 7%.

The two regions' imports of foods and agricultural raw materials are very much alike (10.3 million dollars in Latin America's case and 10.9 in that of Africa in 1979) and, similarly, purchases of mineral products constitute relatively small items in the import trade of both Latin America and Africa. (See table 6).

Table 6

LATIN AMERICA AND AFRICA: STRUCTURE OF IMPORTS, 1974-1979

	1974		1975		1976		1977		1978		1979	
	Latin America	Africa	Latin America	Africa	Latin America	Africa	Latin America	Africa	Latin America	Africa	Latin America	Africa
	Millions of dollars											
Food and agricultural raw materials a/	6.3	6.2	5.9	6.9	5.5	6.6	6.4	8.2	7.6	9.3	10.3	10.9
Minerals and non-ferrous metals b/	1.6	0.6	1.5	0.7	1.5	0.7	1.6	1.0	1.8	1.0	2.5	0.8
Fuels c/	6.0	2.8	6.1	3.1	7.4	3.1	7.5	3.6	7.7	3.8	11.2	5.7
Manufactures d/	29.5	22.3	32.4	29.6	32.7	31.5	37.3	38.9	41.7	42.3	53.7	45.3
Total	44.2	32.1	46.9	41.0	48.0	42.6	53.9	52.5	59.6	57.5	79.4	64.1
	Percentages											
Food and agricultural raw materials a/	14.2	19.3	12.6	16.8	11.5	15.5	11.9	15.6	12.7	16.2	13.0	17.0
Minerals and non-ferrous metals b/	3.6	1.9	3.2	1.7	3.1	1.6	3.0	1.9	3.0	1.7	3.2	1.2
Fuels c/	13.6	8.7	13.0	7.6	15.4	7.3	13.9	6.9	12.9	6.6	14.1	8.9
Manufactures d/	66.7	69.5	69.1	72.2	68.1	73.9	69.2	74.1	70.0	73.6	67.6	70.7
Total e/	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: CEPAL, external trade matrices, 1978 and 1979.

a/ Including SITC sections 0, 1, 2 (excluding divisions 27 and 28) and 4.
b/ Including SITC divisions 27, 28 and 68.
c/ Including SITC section 3.
d/ Including SITC sections 5, 6 (excluding division 68), 7 and 8.
e/ This total does not add up to 100% because section 9 is excluded.

To sum up, Latin America's exports may be said to show higher levels and greater diversification than those of Africa. This difference is reflected mainly in the much greater importance of manufactures. Africa's exports, on their part, are characterized by a high degree of concentration in respect of fuels. Another notable feature is Latin America's greater export capacity both as regards food and agricultural raw materials and in respect of manufactures. Where imports are concerned, in both regions manufactures are manifestly predominant, their relative importance being slightly less in Latin America than in Africa.

5. Countries of most importance in external trade

As was stated in chapter I.A.1, in Latin America 20 countries have been taken into consideration and in Africa 50. In the case of both continents, however, a comparatively small number of countries account for the lion's share of their external trade. In Latin America there are 15 and in Africa only 18 countries whose exports or imports amount to over 1 000 million dollars. (See table 7). 4/

4/ This table also includes, for illustrative purposes, the value of the trade of the oil-refining Caribbean countries. As can be seen, the trade in question is appreciable, representing 20% of the Latin American countries' export.

Table 7

LATIN AMERICA AND AFRICA: PRINCIPAL EXPORTER COUNTRIES AND THEIR LEVELS OF WORLD TRADE, 1977 AND 1979

(*Millions of dollars at current prices*)

Country	LATIN AMERICA				Country	AFRICA			
	Exports		Imports			Exports		Imports	
	1977	1979	1977	1979		1977	1979	1977	1979
Brazil	12 152	15 042	13 254	18 058	Nigeria	11 823	17 832	11 021	9 728
Venezuela	9 548	13 055	9 418	9 158	Libya	9 759	15 055	3 782	7 961
Mexico	4 171	8 578	5 486	11 992	Argeria	5 809	9 380	7 122	8 419
Argentina	5 652	8 142	4 163	7 569	Ivory Coast	2 154	2 910	1 749	2 506
Colombia	2 433	3 753	2 028	4 071	Zaire	2 203	2 774	1 164	1 421
Chile	2 189	3 764	2 260	4 218	Egypt	1 708	2 349	4 815	8 179
Peru	1 676	2 893	1 844	2 670	Morocco	1 301	1 780	3 197	3 629
Ecuador	1 262	1 903	1 508	2 142	Gabon	1 180	1 817	841	555
Guatemala	1 187	1 265	1 065	1 554	Tunisia	921	1 771	1 824	2 844
El Salvador	974	1 219	945	1 139	Angola	980	1 557	745	1 083
Costa Rica	798	1 073	978	1 281	Zambia	897	1 328	671	755
Cuba	723	958	1 630	1 318	Liberia	447	1 252	461	1 944
Dominican Republic	783	875	845	1 056	Cameroon	702	1 210	786	1 346
Uruguay	608	789	730	1 173	Ghana	935	1 201	1 262	1 299
Panama	243	734	861	3 105	Kenya	1 186	1 102	1 289	1 631
					Sudan	661	818	1 079	1 642
					Tanzania	554	634	840	1 235
					Senegal	623	583	763	1 188
I. Total selected countries	44 399	64 043	47 015	70 504	I. Total selected countries	43 843	65 353	43 411	57 365
II. Total 20 countries a/	46 680	66 733	49 483	73 467	II. Total 47 countries	46 177	68 161	44 616	58 336
(I : II) x 100 (%)	95.1	96.0	95.0	96.0	(I : II) x 100 (%)	94.9	95.9	97.3	98.3
Neetherlands Antilles	2 645	3 928	3 115	4 625					
Trinidad and Tobago	2 176	2 582	1 789	2 111					
Bahamas	3 261	2 194	3 594	4 842					
Virgin Islands	78	209	2 705	3 203					
II. Total oil-refining countries	8 160	8 913	11 203	14 781					

Source: International Monetary Fund (IMF), *Direction of Trade Yearbook*, 1980.

a/ Including the 16 countries mentioned above, plus Honduras, Nicaragua, Bolivia, Paraguay and Haiti.

These selected countries conduct approximately 95% of total trade in the case of Latin America, and in Africa the corresponding proportion is even slightly larger. Within these groups, the concentration of trade is also intense. Of the 20 Latin American countries, four cover two-thirds of total exports: Brazil, Venezuela, Mexico and Argentina. This concentration is yet more marked in Africa's case, since almost three-quarters of the region's external sales are effected by six countries: Nigeria, Libya, Algeria, the Ivory Coast, Zaire and Egypt. In imports concentration is less, especially where Africa is concerned, albeit in both regions the countries mentioned account for little under two-thirds of total purchases from abroad. It is no mere coincidence that in these same countries the bulk of the trade between the two regions is concentrated: an aspect of the matter that will be analyzed in greater detail below.

B. Trade between Latin America and Africa

1. Total trade and principal participant countries

In 1979 Latin America's exports to Africa amounted to 1,184 million dollars and trade in the opposite direction to 798 million dollars. The trade balance, which in 1974 showed a deficit for Latin America, was characterized by an increasing surplus for this region from 1975 onwards, which in 1978 and 1979 reached a figure of about 500 million dollars (see again tables 3 and 4).

The figures mentioned above represent about 2% of Latin America's exports and 1% of its imports. In other words, Africa is relatively more important as a market than as a supplier. 5/ Indeed, during the period under review the relative weight carried by Africa in Latin American imports steadily declined.

Analysing this same trade from the African side now (see table 4), Latin America can be seen to represent a relatively small market for African exports, its share in which has even dropped to only slightly over 1%. As a supplier, Latin America is rather more important: its participation in African imports reaches 2%. Nevertheless, trade between Africa and Latin America has not been particularly dynamic up to now, nor can it be said to have reached levels of any great importance for the two regions, at least in terms of the volumes traded.

As regards the Latin American countries that trade with Africa, an even greater concentration is observable than with respect to their world trade, since only two countries, Brazil and Argentina, are responsible for 80% of total sales to Africa. Exports from Brazil amounted to 696 million dollars in 1979 and those from Argentina to

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5/ As might be expected, these conclusions are drastically altered when the Caribbean is included in the analysis. Africa then shows a substantial surplus in its trade with Latin America.

243 million. Trade relations are on a smaller scale in the case of Cuba (84 million dollars) and of Venezuela (80 million dollars). The volume of Mexico's sales to Africa is very low in comparison with its total level of exports. Venezuela's sales consist mainly in exports of fuels. 6/

Where Latin American imports are concerned, the range of buyer countries is somewhat more diversified, although in 1979 Brazil and Argentina absorbed 60% of the region's external purchases: 338 million dollars and 203 million dollars, respectively. Chile's imports more than doubled between 1975 and 1979, attaining a value of 166 million dollars in the latter year. Of some importance, too, are the purchases made by Cuba (45 million), Uruguay (37 million), Mexico (36 million) and Venezuela (35 million). (See table 8).

6/ The same may be said of the oil-refining countries and territories in the Caribbean area which have been included at the bottom of the table. As can be seen, their imports from Africa are also on a large scale, and consist entirely of crude petroleum.

Table 8

LATIN AMERICAN COUNTRIES OF MOST IMPORTANCE IN TRADE WITH AFRICA

(Millions of dollars)

	Exports			Imports		
	1977	1978	1979	1977	1978	1979
Argentina	224	154	243	44	164	203
Brazil	543	627	696	479	414	338
Chile	1	-	-	13	68	166
Cuba	60	82	84	15	28	45
Venezuela	-	73	80	-	24	35
Uruguay	9	15	8	55	71	37
Mexico	11	23	23	3	23	36
Peru	17	14	15	1	1	1
Colombia	13	4	12	1	2	2
I. Total selected countries	978	992	1 161	611	795	863
II. Total Latin America a/	1 012	1 001	1 167	639	832	914
(I : II) x 100 (%)	96.6	99.1	99.5	95.6	95.6	94.4
Trinidad and Tobago	43	58	85	49	58	58
Bahamas	3	6	10	1 350	1 782	2 372
Virgin Islands	-	1	6	877	848	1 190
Neetherlands Antilles	337	434	590	402	577	705
III. Total oil-refining countries	383	499	691	2 688	3 265	4 325

Source: IMF, Direction of Trade Yearbook, 1980.

a/ Includes 20 countries.

The participation of the African countries trading with Latin America is relatively more diversified. On the export side, there are seven countries whose exports have exceeded 50 million dollars in recent years and which, in the aggregate, contribute rather more than 70% of total exports to Latin America: Nigeria, Gabon, Congo, Algeria, Morocco, Libya and the Ivory Coast, most of them oil exporters.

On the side of African imports from the Latin American region, six countries together account for three-quarters of total purchases: Nigeria (248 million dollars in 1979), Angola (118 million), Egypt (135 million), Algeria (160 million), Liberia (130 million) and Zaire (98 million). (See table 9).

Table 9

AFRICAN COUNTRIES OF MOST IMPORTANCE IN TRADE WITH LATIN AMERICA

(Millions of dollars respectively, percentages)

	Exports			Imports		
	1977	1978	1979	1977	1978	1979
	Value of trade					
Nigeria	72	97	38	129	287	248
Gabon	188	161	254	2	5	6
Angola	6	7	10	59	65	118
Congo	2	7	80	2	12	16
Egypt	4	6	8	57	67	135
Zaire	1	1	24	12	31	98
Argelia	1	88	71	287	172	160
Liberia	4	5	11	8	59	130
Morocco	56	51	45	145	81	50
Libya	118	81	20	39	5	25
Ivory Coast	-	-	61	32	60	13
I. Total selected countries	452	504	622	772	844	999
II. Total Africa (50 countries)	489	651	790	974	985	1 168
	Percentage share					
Nigeria	14.7	14.9	4.8	13.2	29.1	21.2
Gabon	38.4	24.7	32.5	0.2	0.5	0.5
Angola	1.2	1.1	1.3	6.1	6.6	10.1
Congo	0.1	1.1	10.1	0.2	1.2	1.4
Egypt	0.8	0.9	1.0	5.8	6.8	11.6
Zaire	-	-	3.0	1.2	3.1	8.4
Algeria	-	13.5	9.0	29.5	17.5	13.7
Liberia	0.8	0.8	1.4	0.8	6.0	11.1
Morocco	11.4	7.8	5.7	14.9	8.2	4.3
Libya	24.1	12.4	2.5	4.0	0.5	2.1
Ivory Coast	-	-	7.7	3.3	6.1	1.1
I. Total selected countries	92.3	77.4	78.7	79.3	85.7	85.5
II. Total Africa (50 countries)	100.0	100.0	100.0	100.0	100.0	100.0

Source: IMF, Direction of Trade Yearbook, 1980.

Its geographical concentration is an indication of the incipient character of trade between Africa and Latin America and suggests diversification of the participant countries as one of the possible ways of increasing trade between the two continents.

2. Composition of trade

The most important item in Latin America's exports to Africa is constituted by foods and agricultural raw materials, with a value bordering upon 500 million dollars in recent times. Their relative importance, however notably declined in the second half of the 1970s, concurrently with a marked increase in the share of manufactures and fuels. Mineral products and non-ferrous metals are of very little significance in this total. (See table 10).

Table 10

STRUCTURE OF LATIN AMERICA'S TRADE WITH AFRICA

(Millions of dollars and percentages)

	Exports				Imports			
	1970	1974	1977	1979	1970	1974	1977	1979
	Values							
Food and agricultural raw materials a/	55	562	698	556	15	30	38	90
Minerals and non-ferrous metals b/	-	39	5	29	2	136	62	44
Fuels c/	35	15	32	165	57	798	490	584
Manufactures d/	7	52	225	434	13	31	12	80
Total e/	97	669	960	1 184	87	995	602	798
	Percentages							
Food and agricultural raw materials a/	56.8	84.0	72.8	47.0	17.2	3.0	6.3	11.2
Minerals and non-ferrous metals b/	-	5.8	0.5	2.5	2.2	13.7	10.3	5.5
Fuels c/	36.0	2.2	3.3	13.9	65.6	80.2	81.4	73.2
Manufactures d/	7.2	7.8	23.4	36.7	14.9	3.1	2.0	10.0
Total e/	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: CEPAL, external trade matrices.

a/ Including SITC sections 0, 1, 2 (excluding divisions 27 and 28) and 4.
b/ Including SITC chapters 26, 28 and 68.
c/ Including SITC section 3.
d/ Including SITC sections 5, 6 (excluding division 68) 7 and 8.
e/ The sum of the partial figures differs from the total because SITC section 9 is excluded.

In contrast, Latin America's purchases from Africa are intensively concentrated in fuels, which in recent years have come to represent values ranging from 500 to 700 million dollars, i.e., the equivalent of three-quarters of the imports in question. Foods and agricultural raw materials and manufactures each constitute about 10% of the total, while the lowest figure corresponds to Latin America's purchases of minerals and non-ferrous metals from the African countries.

An evaluation of trade between the two continents as a whole leads to the conclusion that up to now only exports of manufactures from Latin America to Africa are marked by high and continous dynamism. Even so, the African market still does not absorb more than 3% of Latin America's total exports of manufactures. 7/ Latin American exports of foods and agricultural raw materials and also its imports of fuels have multiplied about ten times over in the period under review, but their development is much more erratic. In these circumstances, annual average growth rates tell us little of the real dynamism of trade, especially inasmuch as the initial levels of trade were very low.

From the available data the conclusion can also be drawn that if fuels are excluded, Latin American exports still exceed 1 000 million dollars, while imports from Africa fall abruptly to levels which barely exceed 200 million dollars. Nor do these "non-petroleum" imports show any clearly-defined upward trend. From the foregoing analysis it can patently be deduced that trade between the two regions shows a substantial imbalance against Africa, both in terms of absolute values and in respect of its structure.

C. Trade between Latin America, the Caribbean and Africa and the importance of petroleum therein

As has already been pointed out in section I.A.1, the results of the analysis of trade are greatly altered when the Caribbean countries are included. In this latter case reference is made to "Developing America" instead of to Latin America. The enlargement of the geographical definition of the region is reflected, inter alia, in the fact that the value of Developing America's total exports and imports exceeds by 20 to 30% the value of the same variables for the Latin American region (see table 2 in comparison with table 11).

7/ The value of these exports is calculated at about 13 000 million dollars for the year 1979 (see table 5).

Table 11

DEVELOPING AMERICA AND AFRICA: MARKETS OF ORIGIN AND DESTINATION OF TRADE, 1970-1979

(Millions of dollars)

Region	Year	World	Developed countries	Centrally-planned economies	Developing countries: Total	America: Developing	America: Latin	Africa	Asia excluding the Middle East	Middle East	Oceania
					Exports						
Developing America	1970	17 430	12 820	1 095	3 450	3 120	1 850	125	160	37	-
	1974	49 459	34 733	2 925	11 349	9 713	6 067	798	331	487	21
	1975	47 926	31 849	4 090	11 573	9 617	6 546	1 000	326	629	1
	1976	53 830	36 531	4 243	12 581	10 673	7 399	987	428	491	1
	1977	61 055	40 872	5 162	14 616	11 671	8 607	1 367	773	801	3
	1978	65 988	43 755	6 055	15 728	12 329	9 055	1 517	922	957	2
	1979	85 378	55 824	6 388	22 760	18 733	12 424	1 642	1 090	1 290	5
Africa	1970	12 310	10 060	895	1 240	235	87	650	240	115	-
	1974	38 705	31 647	1 907	4 467	1 922	995	1 839	364	340	2
	1975	33 960	26 510	2 252	4 964	2 227	584	1 925	356	450	6
	1976	41 151	33 509	1 852	5 274	2 864	608	1 396	421	592	1
	1977	47 896	39 452	1 794	6 274	3 544	602	1 760	327	640	2
	1978	44 753	37 906	1 902	4 611	1 860	604	1 606	420	724	2
	1979	66 576	56 716	2 262	7 283	2 872	798	2 900	610	900	1
					Imports						
Developing America	1970	18 670	13 910	1 025	3 730	3 120	2 978	235	175	200	-
	1974	55 433	35 283	1 969	18 180	9 713	8 701	1 922	1 022	5 523	-
	1975	58 224	37 551	2 699	17 974	9 617	8 477	2 227	1 085	5 045	0
	1976	62 719	36 934	2 979	22 805	10 673	9 209	2 864	1 320	7 948	1
	1977	69 708	41 508	3 497	24 703	11 671	10 352	3 544	1 571	7 917	0
	1978	75 091	48 570	4 206	22 315	12 329	10 958	1 860	1 990	6 137	0
	1979	98 214	59 292	4 887	34 036	18 733	16 985	2 872	2 414	10 012	6
Africa	1970	11 950	9 150	1 190	1 610	125	97	650	485	350	-
	1974	32 118	24 488	2 373	5 256	798	669	1 839	1 135	1 484	-
	1975	41 022	32 460	2 473	6 089	1 000	743	1 925	1 424	1 741	0
	1976	42 292	34 179	2 470	5 643	987	763	1 396	1 602	1 658	0
	1977	52 183	42 325	3 101	6 758	1 367	960	1 760	2 112	1 519	0
	1978	57 401	46 213	3 846	7 342	1 517	1 109	1 606	2 457	1 762	0
	1979	64 095	50 068	4 229	9 797	1 642	1 184	2 900	2 781	2 474	0

Source: UNCTAD, Handbook of International Trade and Development Statistics, 1979; CEPAL, external trade matrices.

A very high proportion of this greater value has its origin in the trade in petroleum carried on by the Caribbean countries, both with the Latin American region itself, and with the rest of the world. It is a well-known fact, for example, that the Netherlands Antilles buy large volumes of crude from Venezuela, which is then refined and re-exported to many markets of destination, particularly the United States and Europe. These refining and re-export transactions alone are equivalent to a substantial enlargement of the region's total exports, should these islands be included. In table 11, again, it can be seen that trade among the countries of Developing America themselves exceeds by something between 30 and 50% their exports to the Latin American region. Much of the difference is due precisely to the above-mentioned imports of petroleum from the South American continent effected by some of the Caribbean islands. It might be argued that the inclusion of this oil flow would in reality be tantamount to double reckoning of the same item, since the imports in question are given a low value added during the refining process and then again added on to Developing America's exports. On the other side, several of the Caribbean islands import petroleum from Africa for refining and re-export. It now becomes apparent (see table 11) that Africa's exports to Developing America far exceed its sales to Latin America; in the period 1974-1979 this difference fluctuated beetween one thousand million and about three thousand million dollars. Once again it is mainly attributable to Africa's exports of petroleum to the Caribbean islands.

Table 12 assembles the data which reveal in fuller detail the relative importance of petroleum in the trade of Africa, Developing America and Latin America. Thus it can be seen that a very considerable proportion (approximately two-thirds) of Africa's exports to the world consists of fuels. Where its exports to Developing America are concerned, this proportion rises to an even higher level (roughly 90%) and, in the case of exports to Latin America, it reaches 80%. On the basis of the foregoing figures the conclusion can be drawn that fuels play a supremely important part in Africa's exports to the two regions mentioned and that exports of these products are shipped primarily to the countries of the Caribbean Basin. The difference between exports to Developing America and to Latin America virtually corresponds to this latter flow, which, as already stated, in recent years has fluctuated between one thousand and three thousand million dollars.

Developing America and to a lesser extent Latin America export and re-export petroleum and petroleum products to Africa, but these export flows are a good deal smaller than those in the opposite direction, the aggregate result of which is that Africa's trade balance with Developing America shows a substantial surplus, but with Latin America a deficit. The exclusion of fuels significantly alters these conclusions, inasmuch as the trade balance becomes decidedly positive for both the American regions, a fact which constitutes yet one more indication of the supreme importance of petroleum in trade between the two continents.

Table 12

AFRICA: TRADE WITH DEVELOPING AMERICA AND LATIN AMERICA

	1974	1975	1976	1977	1978	1979
			Exports			
Total						
World	38 705	33 960	41 151	47 789	44 753	66 576
America:						
Developing	1 922	2 227	2 864	3 544	1 860	2 872
Latin	995	584	608	602	604	798
Excluding fuels b/						
World	15 445	13 303	14 226	16 947	16 931	21 080
America:						
Developing	203	143	119	114	129	411
Latin	197	130	109	113	107	214
Fuels b/						
World	23 260	20 657	26 925	30 842	27 822	45 496
America:						
Developing	1 719	2 084	2 745	3 430	1 731	2 461
Latin	798	454	499	489	497	584
			Imports			
Total						
World	32 118	41 022	42 292	52 183	57 401	64 095
America:						
Developing	798	1 000	987	1 367	1 517	1 642
Latin	669	743	763	960	1 109	1 184
Excluding fuels b/						
World	29 340	38 009	39 163	48 568	53 448	58 359
America:						
Developing	705	853	747	953	957	1 058
Latin	654	707	727	928	928	893
Fuels b/						
World	2 778	3 013	3 129	3 615	3 953	5 736
America:						
Developing	93	147	240	414	560	584
Latin	15	36	36	32	181	291

Source: CEPAL, external trade matrices, 1978 and 1979.

a/ Latin America includes 20 republics.

b/ Fuels correspond to SITC division 3.

All this goes to show that the mere inclusion or exclusion either of fuels or alternatively of the Caribbean countries makes a great difference to the conclusions to which the analysis may lead. Considering likewise that trade between Africa and the Caribbean is almost exclusively based on petroleum and that the special characteristics of this branch of trade set it completely apart from the rest, it was decided not to include the Caribbean countries in the overall statistical analyses that were presented in the preceding sections. In a forthcoming section, however, the case of Trinidad will be briefly analysed as a typical example of a mainly oil-exporting Caribbean country (see section I.D.5.).

D. Some examples of exports to Africa

1. Introduction

In the following section the experiences of the principal Latin American countries trading with Africa will be summarized on the basis of statistical data, documents obtained directly from the countries in question and impressions formed in the interviews with the government officials and enterpreneurs concerned in external trade operations with Africa.

Nothing is said of Cuba and Venezuela, despite their relative importance in respect of trade, owing to the lack of data in the first case and the predominance of the petroleum trade in the second.

2. Trade between Argentina and Africa

(i) Present trade situation

At the end of the nineteenth century exports from Argentina to Africa reached about 260 million dollars and the inverse flow approached 240 million. (See tables 13 and 14).) In relation to Argentina's global trade, these amounts are equivalent to 3.1% of total exports and 2.6% of imports. Obviously this is an incipient trade with a low absolute value. A point worth making is that its level and dynamism fall a good deal short of those of trade between Brazil and Africa.

Table 13 presents data on the principal countries taking part in trade and the most important of the products exported. Not more than eight countries absorbed 84% of exports in 1979; outstanding among these are Egypt (91 million dollars), Algeria (58 million) and Angola (27 million). From the other standpoint, only 13 products account for 80% of exports and 4 represent almost two-thirds of total exports: vegetable oils (72 million dollars), meat (71 million), wheat and wheat flour (19 million) and beans (16 million).

Table 13

ARGENTINA: PRINCIPAL EXPORTS TO SELECTED AFRICAN COUNTRIES, 1978 AND 1979

(Thousands of dollars)

BTN headings		Angola	Algeria	Ivory Coast	Egypt	Ghana	Morocco	Nigeria	Tunisia	Sub-total	Other countries	Total Africa	World total	Africa / World (%)
					1978									
02.01	Meat	231	4 818	2 012	5 624	635	-	4 384	1 677	19 381		20 915	417 307	5.0
02.02	Poultry	-	-	-	-	-	-	-	-	-	427	427	1 342	31.8
03.01	Frozen fish	-	-	-	-	-	-	2 029	-	2 029	-	2 029	106 014	1.9
07.05	Beans	5 921	-	-	-	-	-	-	416	6 337	26	6 363	77 775	8.2
10.01, 11.01	Wheat and wheat flour	-	1 554	-	3 424		1 895		210	7 083	1 513	8 596	192 446	4.5
12.01, 23.04	Soya beans, soya oil-cakes	-	-	-	-	-	2 595	-	-	2 595	-	2 595	701 669	0.4
15.07	Vegetable oils	-	23 273	-	4 221	-	2 440	-	1 899	31 833	-	31 833	139 418	22.8
16.02	Prepared or preserved meat	2 324	-	1 641	455	-	-	4 848	4 174	13 442	6 338	19 780	246 783	8.0
17.01	Sugar	-	-	-	6 039	-	-	-	-	6 039	2 167	8 206	55 984	14.7
27.10	Petroleum products	-	-	-	-	-	-	-	-	-	-	-	1 618	-
55.05, 56.05	Fibres and yarns	-	324	-	-	3 862	-	3 723	575	8 484	-	8 484	172 358	4.9
73.10, 18	Steel bars, tubes and pipes	-	9 659	-	-	3	-	245	-	9 907		10 828	67 836	16.0
84.15	Refrigerators and deep-freezers	-	-	-	2 043	36	-	-	-	2 079	-	2 079	6 938	30.0
84.19	Machinery for the bottle industry	-	-	-	-	-	1 662	8	-	1 670	-	1 670	21 873	7.6
87.02, 87.14	Vehicles a/	-	-	-	14	-	-	-	-	14	160	174	82 436	0.2
87.02	Parts and accessories b/										16	16	58 253	0.0
I. Total selected products		8 476	39 625	8 653	21 820	4 536	8 592	15 237	8 951	110 893	13 102	123 995		
Other products		2 534	2 923	1 698	1 146	851	1 266	2 311	495	13 224	16 724	29 948		
II. Grand total		11 010	42 551	5 351	22 966	5 387	9 585	17 548	9 446	124 117	29 826	153 943		
					1979									
02.01	Meat	209	8 136	4 955	46 137	557	41	5 754	1 212	67 001	4 193	71 194		
03.01	Frozen fish	-	-	-	-	-	-	2 415	-	2 415	27	2 442		
07.05	Beans	6 344	8 016	-	-	-	-	-	1 478	15 838	474	16 312		
10.01, 11.01	Wheat and wheat flour	10 339	-	-	-	-	5 219	13	3 070	18 641	-	18 641		
12.01, 23.04	Soya beans, soya oil-cakes	-	-	-	4 042	-	-	-	3 696	7 738	1 186	8 924		
15.07	Vegetable oils	308	32 492	-	34 636	-	278	-	4 054	71 768	-	71 768		
16.02	Prepared or preserved meat	-	-	297	-	-	-	437	-	734	144	878		
17.01	Sugar	-	-	-	4 797	-	2 913	-	-	7 710	-	7 710		
24.01	Tobacco	-	-	123	-	87	-	-	-	210	211	421		
55.05, 56.05	Fibres and yarns	-	154	-	417	-	-	56	315	942	-	942		
73.10, 18	Steel bars, tubes and pipes	-	5 487	260	-	-	-	-	-	5 747	2 385	8 132		
84.15	Refrigerators and deep-freezers	-	-	-	-	26	-	-	-	26	-	26		
84.19	Machinery for the bottle industry	-	-	-	-	-	69	-	-	69	-	69		
I. Total selected products		17 200	54 285	5 635	90 029	670	8 520	8 675	13 825	198 839	8 620	207 459		
Other products		9 504	3 647	1 070	1 350	38	416	3 870	2 795	22 690	32 878	55 568		
II. Grand total		26 704	57 932	6 705	91 379	708	8 936	12 545	16 620	221 529	41 498	263 027		

Source: Instituto Nacional de Estadística y Censo de Argentina (National Institute of Statistics and Censuses, Argentina).

a/ Including subgroups 87.02.01 - 87.02.04 and 87.02.99.

b/ Including subgroups 87.02.05 - 87.02.07, 87.06.13, 87.06.99 and 44.11.01.

Among Argentina's exports to Africa agricultural commodities are predominant. Manufactures, on the contrary, constitute a small proportion, which stood at 18% in 1978 and 4% in 1979. It is especially for food stuffs and temperate -and subtropical- climate agricultural products that there is the greatest demand in Africa. Among manufactures may be noted, in addition to steel bars, tubes and pipes, refrigerators and deepfreezers, agricultural machinery and machinery for cleaning, filling, labelling, etc., bottles and other containers, in which Argentina seems to have acquired certain comparative advantages.

Over 95% of Africa's exports to Argentina consist of crude petroleum (see table 14). Argentina imports three other products from African countries which, in the aggregate, make up a total fluctuating around 5 million dollars. The imports appearing under the heading "Vessels for transport of goods" in 1978 may possibly correspond to an incidental purchase. The three products referred to above are calcium phosphate, iron ore and timber, i.e., raw materials which, like petroleum, belong to the primary commodities group. Argentina purchases petroleum mainly from Gabon, Congo, Angola and Nigeria and, in fact, has obtained three-quarters of its total petroleum imports from those countries. These imports of petroleum may be expected to disappear in the near future, since Argentina is approaching self-sufficiency in this respect. If the above-named countries are excluded, it may be asserted that the trade balance is generally favourable to Argentina in the other cases, a fact which it is important to take into account in the future development of trade relations.

Table 14

ARGENTINA: PRINCIPAL PRODUCTS IMPORTED FROM AFRICA, 1978 AND 1979

(Thousands of dollars)

BTN headings		Congo	Ivory Coast	Gabon	Liberia	Nigeria	Tunisia	Subtotal	Other African countries	Total Africa	World total
					1978						
27.09	Crude petroleum	-	-	128 507	-	28 923	-	157 430	-	157 480	196 735
25.10	Calcium phosphates	-	-	-	-	-	201	201	-	201	201
26.01	Iron ore	-	-	-	2 286	-	-	2 286	-	2 286	69 461
44.03	Timber	294	206	-	-	-	-	500	-	500	1 373
89.01	Vessels for the transport of goods	-	-	-	3 068	-	-	3 068	-	3 068	134 157
I.	Total selected products	294	206	128 507	5 354	28 923	201	163 485	-	163 485	401 927
	Other products	-	-	-	-	-	-	-	274	274	3 431 764
II.	Total imports	294	206	128 507	5 354	28 923	201	163 485	274	163 759	3 833 691
					1979						
27.09	Crude petroleum	89 022	-	77 691	-	9 271	-	175 984	54 553a/	230 537	350 992
25.10	Calcium phosphates	-	-	-	-	-	413	413	-	413	413
26.01	Iron ore	-	-	-	2 176	-	-	2 176	-	2 176	109 144
44.03	Timber	470	158	49	-	-	-	677	412	1 089	2 662
I.	Total selected products	89 492	158	77 740	2 176	9 271	413	179 250	54 965	234 215	550 923
	Other products	-	-	-	10	2 151	7	2 168	791	2 959	6 149 132
II.	Total imports	89 492	158	77 740	2 186	11 422	420	181 418	55 756	237 174	6 700 055

Source: National Institute of Statistics and Censuses, ALALC (LAFTA) Secretariat, statistical bulletins on Argentina.

a/ These imports come entirely from Angola.

(ii) Trade experience acquired

The history of Argentina's experience in trade with Africa is relatively short, and the earliest links of any importance date from the 1960s. In the 1970s, a notable intensification of these contacts was reflected in a trade take-off. The first trade and co-operation agreements date from the year 1977, and by the end of 1980 nine agreements had been signed, with Gabon, Morocco, Egypt, Guinea, Libya, Senegal, Tunisia, Zaire and the Ivory Coast. In addition, Argentina has set up Economic Advisory Boards in Algeria, the Ivory Coast, Egypt, Morocco and Nigeria. There are no branches of the Banco de la Nación in Africa as yet, but local bank agents do exist. Since 1979 Argentina has participated in the African Development Bank, with a contribution of 25 million dollars, and it is considering membership of the African Development Fund, which is administered by the same Bank.

Recently (at the end of 1980) Argentina organized an economic and cultural mission to various countries in West Africa, for the purpose of forging closer ties with these nations. During this mission the possibility of undertaking horizontal co-operation activities was also discussed. The African countries visited showed great interest in co-operation of this kind, especially in the areas of production and processing of agricultural and fish products, including the construction and operation of abattoirs, cold-storage plants, dairy and canning industries, etc. A question still to be settled with respect to the provision of horizontal technical co-operation is that of its financing, since no specific funds have been earmarked for this purpose. Financing, in general, is one of the Keystones of the future development of trade. Most of the African countries have to face a severe shortage of foreign exchange and need credits in order to be able to make purchases from Latin America. Consideration has been given to the possibility of obtaining financing from OPEC for these trade operations.

It is estimated that Argentina is in a position to supply the African countries in the following areas: food stuffs and food preparations (specially meat, grains and pulses, and fish); agricultural machinery; irrigation systems; abattoirs; cold-storage plants; dairy and poultry breeding plants; automatic bakery equipment; trucks and equipment for construction purposes; and hospital equipment. It often proves difficult to compete with the traditional suppliers, especially the European countries. (See section II.B.1.).

A still harden task is the development of non-traditional African exports. As was noted in the preceding section, Argentina imports only three primary commodities from the African continent. One of the possible alternatives for increasing the African countries' export capacity is the launching of joint production projects ("joint ventures"). 8/ Several African countries have expressed interest in this form of association with Argentinian enterprises, with the aim of carrying out projects in the areas of livestock

8/ With respect to joint ventures, see also section II.B.2.

production, food processing, and construction and management of cold-storage plants. This mode of operation is held to increase the feasibility of the projects by offering greater possibilities for financing, productive operation of plants and sales of final products.

3. The case of Brazil

(i) Present trade situation

Brazil's exports to Africa totalled 700 million dollars in 1979. This is an appreciable amount, considering that at the beginning of the 1960s trade was virtually non-existent. This level of trade places Brazil in the lead among Latin American exporters. The African market currently absorbs nearly 5% of Brazil's total exports, which is another indication of its relative importance. It is worth recalling in this context that the whole of the Latin American market does not account for more than 15% of Brazil's exports; and this notwithstanding the proximity of that region and the integration efforts it has undertaken. Indubitably, the African continent has represented one of Brazil's most dynamic markets in the last three quinquenia, and its present size now places it in a position of some importance for the Brazilian export trade.

In recent years, the level of Brazil's imports from Africa has somewhat lagged behind the inverse flow. Previously, the trade balance often stood in Africa's favour, but this situation has gradually altered in so far as Brazil has succeeded in giving greater impetus to its exports, while at the same time Africa's role as a supplier of petroleum to Brazil has undergone changes. In 1979 Brazil's imports from Africa amounted to only half the value of its exports.

The following are predominant among the products exported by Brazil: motor vehicles (120 million dollars), petroleum products (89 million), parts and accessories for vehicles (66 million), sugar (39 million), fibres and yarns (38 million), ships, boats and other vessels (28 million), and coffee (20 million). (1978 data: see table 15.)

Table 15

BRAZIL: PRINCIPAL EXPORTS TO SELECTED AFRICAN[a/] COUNTRIES, 1978

(Thousands of dollars)

BTN headings		Angola	Algeria	Egypt	Liberia	Libya	Morocco	Nigeria	Zaire	Sub-total	Rest of Africa	Total Africa	World total	Africa / World (%)
02.01	Meat	-	-	-	-	-	-	15 420	-	15 420	63	15 483	18 123	85.4
02.02	Poultry	-	-	-	-	-	-	1 554	-	1 554	-	1 554	46 872	3.3
09.01	Coffee	-	16 484	215	-	-	1 418	-	-	18 117	1 939	20 056	1 946 509	1.0
12.01, 23.04	Soya beans, soya oil-cakes	-	-	-	-	-	-	-	-	-	12 856	12 856	1 219 797	1.0
15.07	Vegetable oils	-	-	4 107	-	-	1 643	1 983	-	7 733	-	7 733	303 786	2.5
16.02	Prepared and preserved meat	18	-	18	6	-	16	639	961	1 658	387	2 045	98 629	2.1
17.01	Sugar	-	3 066	18 415	-	-	-	9 616	-	31 097	7 655	38 752	350 064	11.1
24.01	Tobacco	-	5 762	5 024	-	-	3 747	176	-	14 709	335	15 044	238 933	6.3
27.10	Petroleum products	-	-	-	-	-	-	54 899	19 783	74 682	14 550	89 232	145 243	6.1
55.05, 56.05	Fibres and yarns	-	-	-	-	-	50	33 314	-	33 364	4 925	38 289	189 039	20.2
73.10, 18.00	Steel bars, tubes and pipes	-	2 834	-	-	-	577	9 004	-	12 415	-	12 415	73 653	16.5
84.09, 23.00	Road machinery	-	5 094		1	-	-	1 026	200	6 321	2 527	8 850	58 738	15.1
84.15	Refrigerators and deep-freezers	-	-	14	237	-	-	13 173	104	13 528	728	14 256	32 261	44.2
84.19	Machinery for the bottle industry	19	-	-	-	1	-	10	34	64	-	64	7 113	0.9
87.01	Tractors	-	3 550	-	-	-	-	1 125	-	4 675	17	4 692	15 068	31.1
87.02, 87.14	Motor vehicles	9 437	60 880	540	994	34 215	213	13 023	15	119 316	1 054	120 370	293 316	41.0
87.02	Parts and accessories	4 473	2 406	208	445	14 090	-	44 448	4	66 074	69	66 143	225 750	29.3
89.02	Ships, boats and other vessels	-	-	-	27 595	-	-	-	-	27 595	-	27 595	98 939	27.9
I.	Total selected products	13 947	100 076	28 541	29 278	48 306	7 664	199 410	21 100	448 322	47 107	495 429		
	Other products	8 647	6 027	744	1 110	15 161	10 574	34 107	3 572	79 942	51 890	131 832		
II.	Grand total	22 594	106 103	29 285	30 388	63 467	18 238	233 517	24 672	528 264	98 997	627 261		

Source: Ministry of Finance, External Trade Department, Brazil (Carteira de Comércio Exterior - CACEX), *Comércio Exterior*, 1978.

a/ Africa comprises 44 countries.

These seven products, of which four are manufactures, account for two-thirds of total exports. In contradistinction to the case of Argentina, half of the selected products belong to the category of manufactures, and represent 80% of the value exported. It is likewise of interest to note that the African market receives a fairly high proportion of Brazil's exports of these manufactures: for example, 44% in the case of refrigerators, 41% in that of vehicles, 31% in that of tractors and 29% in that of motor-vehicle parts and accessories. The African market, together with that of Latin America and to a lesser extent that of some of the Arab countries, absorbs most of Brazil's exports of manufactures and almost the whole of its exports of metal products and machinery. The market represented by these developing countries is undoubtedly playing an important part in promoting the viability of Brazil's export trade in manufactures, which finds in them valuable support for the subsequent projection of such exports into less easily accessible markets.

On the other hand, the African countries that maintain significant trade links with Brazil are relatively few in number. The eight countries included in table 15 together receive 84% of Brazil's exports to Africa. Nigeria is the leading purchaser (233 million dollars in 1979), followed by Algeria and Libya, which imported goods to the value of 206 and 63 million dollars, respectively. Nigeria is a major purchaser of motor-vehicle parts and accessories (in the form of CTD packages), petroleum products and textiles. Algeria and Libya buy mainly finished vehicles, and Algeria is also a traditional purchaser of Brazilian coffee.

It is therefore no coincidence that these countries also figure among the principal African suppliers of petroleum for Brazil (see table 16). Brazil has also been purchasing petroleum from Gabon in increasing volumes since 1975, and intermittently from the Congo. Brazil's state petroleum enterprise (PETROBRAS) has carried out major explorations for petroleum in Angola which have enabled it to ensure imports from that country of 50 thousand barrels daily. Albeit significant in the context of trade between Africa and Brazil, imports of petroleum from the African continent do not account for as much as 20% of Brazil's total petroleum imports, since there are other suppliers of greater importance such as Irak and Saudi Arabia. Apart from petroleum, Brazil imports small volumes of other basic commodities from some of the African countries, in particular calcium phosphate from Morocco and copper from Zaire. These last imports, however, are being replaced by purchases of copper from Chile.

Table 16

BRAZIL: PRINCIPAL PRODUCTS IMPORTED FROM AFRICA, 1978

(Thousands of dollars)

BTN headings		Algeria	Congo	Gabon	Libya	Morocco	Nigeria	Zaire	Subtotal	Other African countries	Total Africa	World total
25.10	Calcium phosphate	1 521	-	-	-	14 467	-	-	15 988	6 770	22 758	36 395
26.01	Ferro-manganese	-	-	3 249	-	-	-	-	3 249	-	3 249	4 245
26.03	Metal waste and scrap	-	-	-	-	-	15	-	15	-	15	1 586
27.09	Crude petroleum	52 872	46 628	85 689	82 639	-	67 217	-	335 045	-	335 045	4 063 701
28.10	Orthophosphoric acid	-	-	-	-	4 103	-	-	4 103	-	4 103	126 160
31.03	Superphosphates	-	-	-	-	-	-	-	-	536	536	17 606
31.04	Potassium chlorate	-	180	-	-	-	-	-	180	-	180	93 840
40.01	Natural rubber	-	-	-	-	-	366	-	366	-	366	50 068
74.01	Electrolytic copper	-	-	-	-	-	-	9 076	9 076	-	9 076	185 230
79.01	Refined zinc	-	-	-	-	-	-	1 341	1 341	-	1 341	35 461
I.	Total selected products	54 393	46 808	88 938	82 639	18 570	67 598	10 417	369 363	7 306	376 669	
II.	Total imports	54 393	48 808	88 938	82 639	18 570	67 598	10 417	371 362	11 180	382 542	

Source: Brazil, Ministry of Finance, Comércio Exterior do Brasil, 1978: Importaçãoes.

In short, trade between Brazil and Africa is characterized by the absolute predominance of fuels in Brazilian imports and the great significance of manufactures in the inverse flow, with food products and other agricultural commodities playing a supplementary role.

ii) Trade experience acquired

Brazil is undoubtedly the Latin American country that has most experience in trade and co-operation with Africa. Its systematic economic relations with the African continent date from the early 1960s, when a more open foreign policy in that direction was adopted. In the course of this brief history, however, important milestones have already been reached, such as, inter alia: the establishment of an Afro-Brazilian chamber of commerce (1968); the organization of a number of trade missions in both directions; the opening of Brazilian branch banks and representative agencies in various African countries; the granting of important credit lines to nine African countries for a total value of about 300 million dollars; the signing of trade agreements with 11 countries; the establishment of shipping lines and regular airline schedules; the participation of Brazil in the African Development Bank and the African Development Fund, with contributions of 20 million dollars to each, as well as in a private European bank (Banque Internationale pour l'Afrique), which has a great deal of experience in the African region.

Perhaps the factor of most vital importance in the development of trade between Africa and Brazil has been the active support given by the Brazilian Government to all phases of this activity, ranging from the more open policy towards the African continent mentioned above (which included early recognition of the independence of Angola and Mozambique) to the detailed market studies carried out by the Trade Promotion Department of the Ministry of Foreign Affairs, and also comprising the credit lines extended through the Banco do Brasil and the direction given to the sale-and-purchase power of the State enterprise INTERBRAS.

This deliberate policy of rapprochement with the African continent and promotion of inter-relationships in all their dimensions, including the cultural aspect, has borne valuable fruit which is reflected in the rapid growth of Brazilian exports, especially of manufactures, and the geographical diversification of its supplies of some staple raw materials.

The African countries, on their part, have gained inasmuch as Brazil is also a new source of supplies, which until a short time ago came almost exclusively from the one-time metropolitan countries. Brazil offers them products at competitive prices and on attractive credit terms. It has also been argued that Brazil has developed certain intermediate ("tropicalized") technologies which are easier to adapt and to use in the countries of Africa than the technology incorporated in the sophisticated products brought in from the developed countries. These factors seem to have played a very significant role in the allocation of major projects, such as the renovation of the telephone network in Lagos (Nigeria) and the construction of highways in Mauritania and Nigeria, and in the purchase of passenger vehicles as well as vehicles for agricultural uses and for infrastructural works.

Brazil has the necessary interest and potential to continue exporting goods and services in the following areas: agricultural machinery, and machinery for construction and infrastructure works; steel products; food products; aircraft; motor-vehicles; railways; ships, boats and other vessels; refrigerators; textiles; plastics and ceramics; chemicals and household-type electric equipment; i.e., a wide range of manufactures and basic foodstuffs.

Similarly, special attention must be devoted to the export capacity that Brazil has developed in the field of engineering services linked to several major projects executed by Brazil in Africa, as well as in Latin America and the Middle East. It is estimated 9/ that about 3 500 engineering firms are operating in Brazil today. More than 60 of these, generally speaking the largest, have experience abroad. They have exported their services to a total number of 25 developing countries; 13 in Latin America, 10 in Africa and 2 in the Middle East. During the period 1975-1979 the value of the services exported by these enterprises totalled some 4 000 million dollars and over 10 000 Brazilian workers were employed abroad. The foregoing is a clear indication of the importance already attained by this item in Brazil's total exports, especially in relation to its exports to the Third World. Brazil has by now acquired a great deal of experience in the designing and execution of such projects as the construction of highways, railways, airports, hydroelectric power stations, complete industrial plants ("turn-key" system), hotels, housing, etc. This background will unquestionably be useful to the country and to the enterprises interested in the future promotion of these services and in the assignment of projects. As shows in Annex I, in the recent past Brazil has participated in a large number of major projects in various African countries and this too augurs well for broader future opportunities of co-operation with these countries in the field in question.

4. <u>The case of Mexico</u>

(i) <u>Present trade situation</u>

Trade between Mexico and the African countries is barely incipient and has not shown much dynamism up to now: a situation which is reflected in trade flows in both directions which hardly reached 41 million dollars in 1980, and have also been characterized by erratic development in the last three quinquennia (see table 17). The balance of this scanty reciprocal trade has generally been favourable to the African countries as a whole. In the last five-year period, its relative importance in Mexico's total exports and imports did not exceed 0.3% and 0.5%, respectively.

9/ The data given below were taken from Carlo Arena, "A Exportacao Brasileira de Servicios de Engenharia", IPEA/CEPAL Agreement, October 1980.

Table 17

MEXICO: TRADE WITH PRINCIPAL AFRICAN COUNTRIES, 1977-1980

(Thousands of dollars)

	1977	1978	1979	1980	Principal products and their relative importance in bilateral trade
			Exports		
Algeria	6 732	4 831	11 049	8 965	Chickpeas 91%
Ivory Coast	266	3 074	82	110	Electrodes for batteries 85%
Egypt	44	...	3 771	122	Books, engines 70%
Liberia	221	1 318	2 277	16 181	Crude petroleum 75%
Libya	1 373	220	2 677	72	Henequen twine 95%
Nigeria	1 683	220	866	858	Glass objects 75%
Other countries	354	2 108	1 745	1 375	
Total Africa	10 673	11 771	22 467	27 683	
Grand total	4 182 994	5 636 451	8 798 245	12 502 626	
Total Africa/Grand total (%)	0.3	0.2	0.3	0.2	
			Imports		
Ivory Coast	...	1 801	44	104	Timber 75%
Egypt	...	...	206	2 800	Ships, boats and other vessels 60%, steel 28%
Liberia	...	-	5 970	7 237	Latex, rubber 75%
Morocco	930	19 499	21 275	1 289	Phosphates 95%
Nigeria	-	88	103	17	Metal ores 80%
Other countries	531	1 977	6 632	1 853	
Total Africa	1 461	23 365	34 232	13 300	
Grand total	5 485 900	7 785 595	12 502 626	19 516 959	
Total Africa/Grand total (%)	-	0.3	0.3	0.1	

Source: Mexico, Programming and Budget Office (Secretaría de Programación y Presupuesto), Comercio Exterior de México.

The chief recipients of Mexico's exports are Algeria and Liberia, the other trade flows having the highly erratic character referred to above. Mexico exports mainly chickpeas to Algeria and its trade with Liberia largely consists in petroleum. On the other side, Mexico imports principally phosphates from Morocco and latex rubber from Liberia. In short, trade, besides its marked variability, exhibits a preponderance of basic products. It might be maintained that Mexico's exports are somewhat more developed than Africa's, but in view of the levels of trade attained hitherto, this difference is of little importance.

(ii) Trade experience acquired

Trade and co-operation agreements have been signed only with Algeria, Egypt (both dating from 1975) and Gabon, and these have not been particularly operative up to now. The basic hindrance to trade seems to be the lack of exportable supply on the part of the countries involved, Mexico and the African countries alike. It is true that many of the products exported by these countries are not complementary but competitive, such as, for example, petroleum, cocoa, coffee, bananas, sugar, etc. It is curious that up to now Mexico has not done much in the way of selling manufactures to African countries, unlike Brazil and Argentina. Transport is probably more difficult and costly at present between Mexico and the African continent than for the other two Latin American countries analysed, owing precisely to the smaller volumes of trade existing in Mexico's case. Obstacles of this type, however, can be surmounted in so far as there is an increase in exportable supply, which seems to be the area in which Mexico encounters the most serious problems, as a result of an industrial infrastructure which produces almost exclusively for the home market and, in a few marginal cases, for the United States. Mexico, is, of course, making an effort to develop competitive basic and metal and machinery industries, and in this context the African market may hold out interesting prospects, as has been the case with Brazil's exports of manufactures. For the moment the outlook is brightest for petrochemical and steel products. Nor does it seem too early for closer contacts to be established between the trade agents of the parties concerned, with the object of creating the prior conditions necessary for the take-off of the trade under discussion.

5. The case of Trinidad and Tobago

Trinidad and Tobago carries on a fairly significant trade with Africa, which is based almost entirely on imports of crude and export and re-export of petroleum products. The value of this trade totalled some 160 million dollars in 1978, more or less evenly redistributed between the two flows. Nevertheless, Trinidad and Tobago's trade with Africa does not amount to as much as 5% of its total exports and imports. (See table 18).

Table 18

TRINIDAD AND TOBAGO: TRADE WITH AFRICA AND THE WORLD

(Millions of dollars)

Country	1970	1974	1976	1978	1970	1973	1976	1978
	Total imports				Imports of fuels			
Libya	-	-	-	28.4	-	-	-	28.4
Nigeria	23.1	4.0	12.7	-	22.9	3.9	12.7	-
French Africa a/	3.4	-	14.8	26.4	3.2	-	14.7	26.4
Spanish Africa a/	1.4	-	-	-	1.4	-	-	-
Angola	1.0	-	-	-	1.0	-	-	-
Mozambique	-	-	0.3	-	-	-	-	-
Rest of Africa	0.4	0.4	0.5	29.3	-	-	-	25.2
Total Africa	29.2	4.4	28.3	84.1	28.5	4.1	27.4	80.0*
World total	542.0	1 840.0	2 045.3	1 967.0	287.6	1 323.0	1 181.9	804.0
	Total exports				Exports of fuels			
Nigeria	1.3	3.4	8.3	3.0	1.3	3.4	2.0	3.0
French Africa a/	3.2	10.3	11.9	23.8	3.2	10.3	11.9	23.4
Spanish Africa a/	1.1	10.9	11.7	10.0	1.1	10.9	11.7	10.0*
Angola	0.4	-	-	-	0.4	-	-	-
Mozambique	-	-	2.0	3.3	-	-	2.0	3.3*
Ghana	-	1.2	1.4	-	-	1.2	1.4	-
Tunisia	-	4.0	-	-	-	-		-
Cameroon	-	-	1.5	4.1	-	-	1.5	4.1
Rest of Africa	1.3	2.5	2.2	33.6	2.1	2.4	8.3	14.1*
Total Africa	8.2	32.3	39.0	77.8	8.1	28.2	38.8	57.9
World total	472.2	1 804.9	2 222.0	2 039.0	371.0	1 651.2	2 037.9	1 764.2

Source: Trinidad and Tobago, Central Statistical Office, Overseas Trade, several years, and UNCTAD, Handbook of International Trade and Development Statistics, 1979; United Nations, Yearbook of International Trade Statistics, 1970.

Note: A - sign indicates that trade amounts to less than 0.5 million dollars or is non-existent.

a/ Terms used in the Trinidad and Tobago sources.

From the same table it can be seen that over 95% of Africa's exports to Trinidad and Tobago consist of fuels, while in the inverse flow these products represent a somewhat lower, albeit still very high, proportion. Apart from this trade in petroleum, the only other worth mentioning is constituted by a few incidental imports of agricultural products obtained by Trinidad and Tobago from Africa.

As is to be expected, the geographical concentration of trade is intensive; on the African side about 5 countries stand out as exporters of crude petroleum (Algeria, Gabon, Nigeria, Libya, Angola), while the number of African countries buying petroleum products from the big refineries located in Trinidad is slightly larger.

A point worth making is that this petroleum trade corresponds to only a tiny fraction of Trinidad's oil-refining activities. For several decades the island has possessed a substantial refining capacity which was initially based on the petroleum found locally, but today is largely supplied with inputs of crude obtained from other sources, especially Saudi Arabia and Indonesia. These massive imports of crude are processed in the refineries under the so-called "processing agreements" and then re-exported to a large number of markets of destination, notably the United States of America, the EEC countries and countries situated in the Caribbean basin. Within this whole group the African countries play a modest and also a decidedly variable role both as suppliers of crude and as markets for refined products.

II. PROSPECTS FOR TRADE AND TRADE CO-OPERATION

A. Trade potential as between Latin America and Africa

1. Introduction

With a view to more specific assessment of the opportunities that may arise for expanding reciprocal trade flows between Latin America and Africa, an estimate follows of what might be considered the potential market offered by the two regions for their current export lines.

It should be stressed that the conclusions reached are approximations only, since, owing to the nature of the information available and the character of the method itself, deductions can be drawn solely on a static basis as to the orders of magnitude of the purchases that one region is making of similar products -sometimes identical, but in other cases only belonging to the same "family"- which the other region, respectively, exports.

From a different standpoint, the estimates in question make it possible to assess the "complementarity" or "competitiveness" existing between the two regions, according to whether their trade structures are similar or dissimilar, as explained below.

Before embarking upon the analysis of the tables, it must be borne in mind that several cases of complementarity and competitiveness may occur. The clearest example is a situation in which one country only exports a specific good which another country only imports. In these circumstances it is perfectly justifiable to talk of complementarity and the existence of trade potential between the two countries can be taken for granted. On the other hand, no such trade potential could exist when the two countries only export the specific good and do not import it at all. In this case, the countries are competitive in third markets. Yet a third possibility which at first sight does not look so clear arises when exports and at the same time imports of one and the same category of goods are effected by one of the countries, or both. The explanation of this apparently contradictory situation lies in differences in quality between the goods exported and imported, or, in other words, the goods are not exactly alike although they belong to the same category. In any case, whenever one country imports a good that is exported or could be exported by another country, trade potential exists. Obviously, the farther disaggregation is carried the more meaningful the analysis becomes.

It must be remembered that the present analysis does not yet shed much light on bilateral trade possibilities since it is carried out at the level of groupings of countries.

The possibilities indicated above all pertain to the field of <u>diversion of trade</u>, since they presuppose that trade is generated on the basis of the displacement of a former external supplier by a new supplier which in the case of the present analysis belongs to one of the two regions under study. The other possibilities for the generation of trade fall within the area called <u>creation of trade</u>. This situation arises when a domestic source of supply is replaced by imports from abroad -which in this case would be obtained from a supplier in the other region- or when an effective expansion of trade takes place through the incorporation of new products. The statistical analysis presented below sheds no light on these last possibilities, since it is confined to data on existing trade. Generally speaking, it does not allow conclusions to be drawn as to import requirements and export opportunities that are not yet apparent in existing trade structures. A follow-up of the present analysis in greater depth would certainly have to deal with the trade prospects that may open up over the longer term. Among the prerequisites for this latter exercise is fuller information on the production capacity of the African countries.

Lastly, it is important to bear in mind that existing trade structures are determined by a large number of factors, most of which may vary through time, an eventuality which sets additional limits to the conclusions that can be drawn from the following analysis, which is eminently static. Thus, among the most important factors mention may be made of the following:

(i) Comparative advantages;
(ii) Tariff and other customs treatment differentials;
(iii) Rate of exchange;
(iv) Promotional measures affecting exports;
(v) Sale and purchase customs and practices which constitute factors of intertia with respect to trade;
(vi) Availability and relative costs of transport.

Comparative advantages are not only natural but may also be acquired; tariffs may be lowered and differentiated in favour of suppliers to whom it is desired to give preference; an increase in the exchange rate promotes exports in general; promotional measures may favour exports to specific markets of destination; traditional supply linkages may change under the influence of more potent factors which overcome inertia; and transport may be developed. All these are examples to show how the above-mentioned factors may vary with the result that trade patterns will also undergo modification. Most of the factors are susceptible of deliberate alteration for the purpose of developing specific trade flows. A forthcoming section touches upon several of these lines of action.

2. Principal exports from Latin America and African trade

In the tables presented here consideration is given to seven Latin American countries and between nine and twelve African countries, which in both continents account for a substantial proportion of the total exports and imports of the region concerned. It was impossible, however, to obtain figures for any year later than 1977 for this group of countries, so that the analysis is confined to data for that year.

To estimate the potential market each region's principal exports were taken into consideration, and that export capacity was compared with the other region's total trade in those same items.

In table 19 information is assembled on Latin America's principal exports whose value exceeds 70 million dollars, at the SITC three-digit level. The data once again confirm that Latin America's export capacity is much more diversified that Africa's. This greater diversification is especially evident in manufactures, but it is also present in primary commodities and intermediate products.

Table 19

PRINCIPAL LATIN AMERICAN[a] EXPORTS AND AFRICAN[b] TRADE, 1977.

(Millions of dollars)

SITC group		LATIN AMERICA Exports	LATIN AMERICA Imports	AFRICA Exports	AFRICA Imports
3	Fuels	10 503	6 271	30 267	1 747
071	Coffee	4 850	135	1 353	261
081	Feeding stuff for animals	1 865	56	44	240
682	Copper	1 470	389	-	7
281	Iron ore	1 333	78	301	-
221	Oilseeds	932	253	82	66
061	Sugar	839	87	49	619
072	Cocoa	676	44	1 825	-
044	Maize	654	355	2	110
011	Meat	648	101	7	136
732	Motor vehicles	574	2 513	-	4 003
421	Vegetable oils	564	196	74	132
041	Wheat	544	630	-	987
263	Cotton	478	43	504	122
054	Fresh vegetables	467	201	170	113
031	Fish	411	49	33	90
045	Other cereals	396	201	3	-
283	Non-ferrous ores	390	127	203	2
051	Fresh fruit	378	173	276	20
013	Prepared or preserved meat	331	-	10	9
262	Wool	315	11	9	56
651	Fibres and yarns	313	35	188	618
053	Preserved fruit	308	-	32	23
611	Leather	286	-	4	-
719	Non-electrical machinery	274	3 792	-	3 103
711	Generators	273	821	-	518
121	Tobacco	242	7	8	123
681	Silver	238	-	-	-
851	Footwear	217	-	28	78
841	Clothing	214	131	237	471
422	Other vegetable oils	211	51	54	136
892	Printed matter	196	322	19	222
714	Office machines	195	418	-	129
671	Pig iron	179	91	11	2
729	Electrical machinery	160	258	3	592
512	Organic chemicals	157	1 694	-	267
513	Inorganic chemicals	150	439	91	175
652	Cotton fabrics	144	16	118	123
042	Rice	144	10	61	321
724	Telecommunications equipment	136	633	1	978
599	Other chemicals	135	648	19	377
243	Timber	127	62	84	447
251	Pulp for paper-making	103	201	16	28
252	Agricultural machinery	97	407	4	448
718	Industrial machinery	96	1 036	-	1 668
673	Steel plates and sheets	89	295	-	603
641	Paper	88	567	6	446
735	Ships, boats and other vessels	72	529	2	662

Source: United Nations, Yearbook of International Trade Statistics, 1979.

a/ Latin America comprises seven countries: Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela.

b/ Africa comprises twelve countries: Nigeria, Algeria, Gabon, Egypt, Morocco, Liberia, Ivory Coast, Congo, Tunisia, Kenya, Ghana and Libya.

Another general conclusion that may be formulated on the basis of this table is that there is a good deal of coincidence between the items exported by the two regions, so that many exports are competitive, especially in the primary commodities group. Typical cases of competitiveness (both regions export large volumes while importing little of a specific good) are to be found in the following export lines: coffee, iron ore, cocoa, cotton. It can be assumed that in respect of these items there are few opportunities for trade between Latin America and Africa, although the possibility of incidental trade transactions based on temporary shortages or differences in quality should not be ruled out.

The larger the volume of imports, and the greater the other side's export capacity, the more do the trade possibilities increase. Latin America's highest potential for short-term expansion of its exports to Africa seems to be manifest in the following items: 10/ fuels, sugar, motor-vehicles, wheat, fibres and yarns, non-electrical machinery and power generators, feeding stuff for animals, clothing and electrical machinery. The respective values of African imports and Latin American exports can be seen in table 19. In interpreting these data it must be borne in mind that the current volume of Latin America's exports affords only a very rough indication of its capacity to export to Africa, owing to the fact that the short term figure may be far below the region's potential in consequence of rigidities proper to international trade. In the long run, this export capacity may, however, be notably increased by means of specific promotional measures.

It must be noted in this context that Africa imports on quite a large scale a number of items of which, for the time being, only a proportion can be supplied by Latin American countries. This group includes (see again table 19) items mentioned above, such as motor-vehicles, non-electrical and electrical machinery, and even wheat, besides industrial machinery, telecommunications equipment, ships, boats and other vessels, steel sheet and plates, agricultural machinery, timber and paper. In all these cases Africa's imports greatly exceed Latin America's current exports. It is not coincidental that in some cases distinctly complex manufactures are involved in which Latin America's export capacity is only just developing and at the same time Africa's production capacity is very slight or non-existent. Hence it may be assumed that it will be precisely these items that, in the future, over the medium and long term, will afford the most promosing opportunities for Latin America's export trade with Africa.

Lastly, table 19 shows that there are a number of other items, such as, for example, meat, maize, vegetable oils, fish, tobacco, office machines, chemicals and rice, which are imported on a relatively small scale by Africa, 11/ and in respect of which Latin America can

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10/ The products are listed in order of African import volumes, distinguishing between them in accordance with Latin America's current export capacity in cases where this latter value was lower than the first.

11/ These are still cases in which the quantum of imports exceeded 70 million dollars in 1977.

play a much bigger part as a supplier. In all these cases, except the last two, Latin America's export capacity exceeds Africa's import requirements, but Latin America is far from being the leading supplier of products in this group.

If the table is now analysed from the standpoint of Africa's export potential, an altogether different panorama emerges. Once again fuels reign supreme in Africa's export trade. As was pointed out earlier, Latin America has for some years now been importing large volumes of crude from several African countries, and this trade flow could increase if the conditions prevailing in the world petroleum market so determine. It is of great importance, however, that Africa's exports to Latin America should gradually be diversified in their composition so that they can gain in dynamism and better-balanced participation of the various countries can be ensured. Other items of importance in Africa's export trade are cocoa, coffee, cotton, iron ore, fresh fruit, clothing, non-ferrous minerals and fibres and yarns. Unfortunately, these are the very items in which Latin America has large export surpluses and low import volumes; it is therefore hardly likely that many opportunities will arise for significantly expanding trade in these groups of goods. However, there may be possibilities for trade between specific countries with deficits and surpluses, and also on the basis of differences of quality, as, perhaps, in the case of coffee, cotton, certain kinds of fruit, etc. Africa has, moreover, some export capacity in respect of items such as oilseeds, vegetable oils, fresh vegetables, inorganic chemicals, cotton fabrics and timber, and Latin American deficit countries could take advantage of this source of supply.

Examination of table 19 also leads to the conclusion that Africa is not yet capable of supplying Latin America's more voluminous import requirements (apart from petroleum), such as: non-electrical machinery, motor-vehicles, organic chemicals, industrial machinery, generators, other chemicals and telecommunication equipment. Precisely in these items Africa showed no export capacity in 1977. Once again it is a question of the more complex industrial products in respect of which both regions' import requirements are still extensive, but only in Latin America's case are in some degree counterbalanced by a measure of export capacity.

3. Some additional opportunities for Africa's export trade

The analysis of table 19 showed that the prospects for an expansion of trade through greater purchases from Africa on Latin America's part are not as favourable as those apparent in the opposite case. With the aim of going into the subject in somewhat greater depth, table 20 was prepared, covering some products additional to those contained in table 19.12/ Other items can now be singled out in which

12/ The following was the selection criterion adopted for table 20: additional Latin American import items exceeding 10 million dollars in the case of manufactures and 50 million in that of primary commodities, and in respect of which Africa's export capacity has also been demonstrated (Exports $>$ 0).

Africa could to some extent supply Latin America. These would be primarily the following, taking Latin America's biggest import items to which relatively large volumes of African exports correspond: manufactured and crude fertilizers, rubber, aluminium, essential oils, lime and cement, and made-up articles of textile materials. Beverages are a doubtful case, since in this instance, Africa's export capacity is chiefly constituted by Algerian wines, which would find themselves up against stiff competition from Latin America's intra-regional supply. As regards other Latin American import items, African exports cannot as yet offer an equivalent supply. This is the case, for example, with Africa's very modest exports of such goods as inorganic chemicals and medicinal products, soap, textile fabrics, iron and steel sheet and plates, electric generators and road vehicles.

Table 20

LATIN AMERICA[a] AND AFRICAN[b] TRADE IN SELECTED PRODUCTS[c]

(Millions of dollars)

SITC group		Latin America Imports	Latin America Exports	Africa Exports
022	Milk	222	16	1
112	Beverages	134	66	130
231	Crude rubber	276	...	90
271	Bulk fertilizers	68	29	542
514	Inorganic chemicals	299	33	14
541	Medical and pharmaceutical products	372	87	11
551	Essential oils	49	13	32
554	Soap	22	4	4
561	Fertilizers, manufactured	512	21	91
653	Fabrics, non cotton	70	46	8
655	Special textile fabrics	41	66	2
656	Made-up articles of textile materials	33	60	26
661	Lime, cement	58	68	27
674	Iron and steel sheets and plates	875	49	2
684	Aluminium	265	8	32
692	Metal containers	37	3	1
722	Electric generators	1 264	71	5
733	Road vehicles	90	13	6

Source: United Nations, Yearbook of International Trade Statistics, 1979.

a/ Latin America comprises seven countries: Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela.

b/ Africa comprises nine countries: Algeria, Congo, Ivory Coast, Egypt, Kenya, Liberia, Morocco, Nigeria and Tunisia.

c/ The following was the criterion applied in making the selection: products additional to those contained in table 15, which are exported by Africa and of which Latin America's imports exceed 50 million dollars in the case of primary commodities and 10 000 million dollars in that of manufactures.

In any event, Latin America can be said to hold out interesting prospects for the expansion of these and other African exports, since its market is large, diversified and highly dynamic, as can be deduced from table 1. In the next section some policies and measures will be discussed which could be adopted to increase the African countries' exportable supply and facilitate their access to Latin American markets.

Lastly, it is important to stress that although the two regions' principal exports of mineral and agricultural products are of a competitive character, on the one hand reciprocal trade does exist in several of these items and on the other hand, the conditions are present for valuable co-operation in relation to these activities, both in their production phases and as regards sales on third markets, especially those of the industrialized countries. The sectors that may be picked out are fuels, copper, iron ore, zinc, lead, manganese, bauxite, coffee, cocoa, cotton and fresh fruit. The production of the two regions constitutes a significant proportion of world output of several of these products and in terms of total world exports their participation is even higher, often exceeding 50%. African and Latin American exporter countries are already members of four producers' organizations (OPEC for petroleum, CIPEC for copper, IBA for bauxite and APEF for iron ore) and have also acceded to the International Tin, Coffee and Cocoa Agreements. These associations and agreements focus their attention primarily upon the stabilization of prices at levels which will prove remunerative for the producer countries and not disruptive to sales. So far the results they have achieved have been variable, and it is to be hoped that in the future the capacity for co-ordination and co-operation among their member countries will increase.

B. Obstacles to trade and trade promotion

1. Introduction

In the light of the analysis carried out in the preceding sections, the following general conclusions can be formulated with respect to the present state of trade between Latin America and Africa.

(i) Trade is of recent origin and is as yet embryonic; for this very reason it is still somewhat erratic in character as regards its levels and the specific products marketed.

(ii) The participation of the different countries is highly unequal; trade is largely concentrated in a few countries, and in most cases is virtually non-existent.

(iii) Africa's exports consists almost entirely of petroleum, whereas in those of Latin America manufactures and products of agricultural origin predominate.

(iv) Trade is ill-balanced in quantitative terms: only a few African countries show a surplus on their trade balance with Latin America, and these are generally the petroleum exporters. If hydrocarbons are set aside, the balance of trade is highly favourable to the Latin American countries.

(v) Despite the rapid relative development of some trade flows, the traditional linkage of both groupings of countries with suppliers and markets in developed countries still prevail; horizontal

(South-South) co-operation is only just beginning and in practical terms is merely a very limited although promising supplement to the above-mentioned traditional orientation.

In opposition to this historically determined situation, various goals are projected which the African and Latin American countries seem to have in common and with which the future development of trade should be consonant, namely: the dynamization of trade with the object of raising it to levels that are really significant for all countries; diversification of the products traded, through the incorporation of non-traditional exports; better-balanced trade in quantitative terms, a question which is closely linked with the foregoing objective; extension of co-operation to areas beyond the mere trading of goods, including technological and financial co-operation - a position commonly adopted in world forums, etc.; and, last, but not least in importance, an increasingly close interrelationship in the general economic, cultural and even political spheres, as an alternative and supplement to the traditional linkage with the former metropolitan countries and centres.

At this stage it is important to pause for a glance at the operation of the Lomé Convention and its effect on trade between Latin America and Africa. The Lomé Convention confers unquestionable benefits on those African countries - the majority - which are participants. In the first place, it allows free access to the European Economic Community's market to 99.5% of their exports, with no obligation to accord equivalent reciprocal treatment to imports from the EEC. Secondly, it embraces a broad programme of industrial co-operation which promotes the industrial processing of agricultural products, association with Community enterprises with a view to supplying the Community market, promotion of exports of manufactures, etc. There is also a financial co-operation programme which places at the disposal of the African countries substantial funds for the execution of a number of its development projects (the latest Lomé Agreement fixes the amount at a total of 7.5 thousand million dollars for the 57 countries of Africa, the Caribbean and the Pacific (ACP) signatories to the Agreement). Lastly, it includes the "STABEX" system, which effectively offsets any fluctuations that may occur in exports of 44 agricultural products to the Community.

From the foregoing brief account it can be deduced that this preferential system affects Latin American-African trade potential in various ways. The most obvious of these is that it will prove more attractive to African exporters to sell their goods on the Community market than on that of Latin America. Furthermore, a considerable proportion of the financial co-operation is probably, de facto, "tied", that is, it presupposes that imports financed with this aid must be purchased from the Community. The STABEX system also tends to strengthen the traditional trade relations between the Community and the other countries signatories of the Agreement. Industrial co-operation opens up new prospects for the African countries but once again it is favourable to exports to the Community and to the EEC investor. The Latin American countries have on various occasions put forward arguments on behalf of less discriminatory treatment with respect to their own exports and the ACP countries have also expressed opinions on the side effects of the Agreement. It is important that the two groups of countries should become fully aware of the vital importance of the Lomé Convention 13/ for the development of their reciprocal trade and that they should adopt the necessary measures to overcome possible unfavourable effects on it.

In the pursuit of the common objectives mentioned above a wide range of problems has to be faced, an attempt to summarize which will be made below on the lines of a preliminary investigation. In the area of trade promotion two main topics are discussed:

(i) Expansion and diversification of exportable supply;
(ii) Ways of facilitating trade.

2. Expansion and diversification of exportable supply

The lack of exportable supply is a real problem in trade relations between Latin America and Africa, especially on the African side. The analysis presented in the foregoing sections has shown that Africa's exports to Latin America consist mainly in crude petroleum and a few basic products such as phosphates, certain metal ores, small quantities of tropical woods, and natural rubber. In practice the trade flow comprises no other products. On the other side, there is a fairly substantial flow of manufactures from Latin America to Africa, but these exports are almost entirely concentrated in two countries: Brazil and, to a much lesser extent, Argentina.

It is true that the primary commodities produced by Latin America and Africa are mostly competitive, not complementary. This situation could be summarized as follows: Latin America produces and exports virtually all the products produced and exported by Africa, in addition to a number of other items. In respect of tropical-climate agricultural production, this competitiveness is observable in almost the whole range of products. Even in this sector, however, specific possibilities for exports from Africa to Latin America arise: in the first place, typical African products may exist which are not to be found in Latin America, such as fruit and fish proper to the African region; particular tropical woods for highly specific uses; certain food grains that are not grown in Latin America, etc. In the mining sector other opportunities occur in connexion with minerals that are especially abundant in Africa, such as chromium, cobalt, manganese, uranium, gold, platinum, diamonds, phosphates and a few rare metals.

The African countries must also be alert to the supply possibilities arising when individual Latin American countries suffer from a deficit in specific basic products. There have already been instances of Latin American countries' importing meat and grain from the African continent. Another significant example is afforded by Brazil's imports of copper from Zaire. If the Latin American countries want to diversify and safeguard their sources of basic supplies, then they ought to give serious consideration to the option of obtaining

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13/ The present Agreement was signed in March 1980 and will continue in operation for a period of five years.

what they require from the African countries too, and this is a valuable opportunity of establishing a more dynamic and extensive trade.

The same applies to the African countries with respect to the possibility that Latin American suppliers might supplement and even replace certain traditional suppliers of primary commodities. In trade between Latin America and Africa up to now there have already been many instances of exports of this type: grains, meat, and vegetable oils from Argentina, sugar, coffee and soya beans from Brazil, etc. Latin America has vast subtropical and temperate zones in which a wide variety of commodities is produced that Africa at present imports almost entirely from other sources. Much greater advantage could be taken of this natural complementarity.

It is in the manufactures and services sectors, however, that the greatest future opportunities for trade and complementarity arise. Brazil has pointed to the path that can be followed by other Latin American countries wishing to develop their exports of manufactures to Africa (see section I.D.3). In this context, the requisite to be stressed is that the characteristics of the goods produced for export must be consonant with Africa's needs and expectations as regards design, technological content and adaptability to equipment already installed, as well as, of course, to local preferences. Reference has already been made to the special attractiveness of Brazilian products for the African countries, since they are marked by a "tropicalized technology". Another cogent argument in favour of Latin American export potential is the fact that overall technological progress has advanced farther than in the case of African production. This advantage is less, however, than that enjoyed by the developed world. In many instances Latin America's "intermediate" technology may prove cheaper and easier to apply in Africa and, in general, better fitted to local circumstances than the more sophisticated technology of the centres. One example of this more suitable technology is constituted by Latin American motor vehicles, whose suspension equipment is in better keeping with conditions on African roads. Another interesting opportunity might be afforded by internal combustion engines operating on biogas (gas obtained through fermentation of organic products), a technology recently perfected by Brazil which may be extremely useful for remote African regions where other energy resources are not available.

Closely related with the foregoing possibilities is the export of services. Brazil and Argentina already have a good deal of experience in exports of this "non-traditional" type, a significant proportion of which have gone to the African continent. This experience relates particularly to advisory and engineering services linked to major construction and industrial assembly projects, including the construction of highways, railways, hospitals, universities, housing developments, factories, ports and airports. The services provided cover such areas as design, technical and feasibility calculations, construction, assembly and installation. Contracts can be negotiated for each of these services individually, but what most commonly happens is that several of them are provided together and that the execution of the project is assigned to an enterprise or consortium which subcontracts the various specialized firms. In these circumstances, it is logical that a substantial proportion of the inputs for the project, including capital goods and skilled or specialized labour, should be imported from the country to which the enterprise or consortium that is the main contractor belongs. Accordingly, services of this type are closely related to exports of capital goods and other manufactures.

It is of the greatest importance that Africa too should succeed in incorporating manufactures and services in its exports to Latin America. Only on this basis can a steady and balanced development of trade flows in both directions be expected. For want of data, it is much more difficult to suggest, at this stage, what manufactures and services the African countries can export. It is common knowledge that in several countries of Northern Africa and also in Nigeria a noteworthy development of industry has recently taken place, based on deliberate State policy and facilitated by the petroleum income which these countries earn. For the time being this production seems to have been geared mainly to supplying the local market, with the exception of the textile industry, which has found an important market in the European Economic Community. In due course, these countries ought also to consider the possibility of diverting part of their industrial production into the export trade, which will undoubtedly give it greater economic viability, and it is then the Latin American region appears in the light of a highly attractive market.

It is already been argued that the Latin American region as a whole represents a great deal of import capacity in respect of a very wide range of products, a circumstance which, in conjunction with its relative proximity to Africa, holds out interesting prospects for the development of exports from the latter continent. One of the options which may be studied by the interested parties is the formation of joint enterprises (joint ventures), in which each of the countries concerned contributes the elements of which it has the biggest available supplies. For instance, Latin American technology and entrepreneurial know-how could be combined with raw material and labour from Africa, plus capital from African or international sources to establish manufacturing enterprises on African soil. The manufactures produced may be relatively simple at first and primarily supply the local market, but could then be expanded to cover exports outside the areas, thus permiting of access to the markets of the other participating countries.

Brazil is practically the only Latin American country which has entered into joint ventures with African partners. Brazil's initiative has given rise to the formation of enterprises in some cases with capital from the country of origin alone, while in others, mixed enterprises have been set up with public or private African capital. Enterprises exist in the following sectors: mining (e.g. phosphates in Senegal); agriculture (e.g., livestock production, in Nigeria); industry (e.g., motor vehicles and aerated beverages, in Nigeria); technology (e.g., technical advisory assistance in agriculture, in Nigeria); and finance (e.g. bank agents, in the Ivory Coast and Nigeria).

These examples are of outstanding importance, and, undoubtedly, the establishment of said ties with a view to intensive and permanent long-term relations between Latin America and Africa will depend to a significant extent on the joint investment that may be placed, essentially, in the African continent.

Furthermore, as is happening in Latin America, the possibility of co-operation in the joint exploitation of natural resources has generated major projects which have built up around them a whole network of political, economic, infrastructural, technological and other ties which are carrying the development of relations between neighbouring countries beyond the sphere of trade. Reference may be made, for example, to the joint utilization of the waters of the Rio Paraná by Brazil and Paraguay and by Argentina and Paraguay, for large-scale hydroelectricity projects; the proposed exploitation of the Colombian coal fields by Colombia and Brazil; a recent agreement under the terms of which Chile and Brazil engage to develop a copper mine in Chile, etc. Both Latin America and Africa have large reserves of a wide range of natural resources which are of great economic and even strategic interest. It is possible to envisage co-operation projects between countries in the two regions for the purpose of jointly developing these resources to the direct benefit of the parties involved. This form of co-operation may make a noteworthy contribution to the dynamization and diversification of reciprocal trade and open up possibilities of more autonomous development of resources of the regions' own and more assured supplies of these materials.

3. Facilitation of trade

As regards the facilitation of trade, there are many areas calling for attention. The greatest handicap to trade is probably financing. The majority of the African countries and also many of those of Latin America need liberal financing on terms competitive with those offered by the developed countries.14/ Most of them have to face a chronic shortage of foreign exchange which is reflected, *inter alia*, in extensive regulation of the handling of foreign currencies.15/ It is important that the potential exporter should obtain detailed information on these regulations, on import permit systems, on import policies applied by State enterprises, etc. Research might be conducted into the financing possibilities of the oil-producing countries, in a sort of three-corned trade operation, which as far as possible should

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14/ The EEC countries, which are the main suppliers of the African countries, often offer their exports on such favourable terms that it would be justifiable to talk of subsidized exports and even of dumping. This practice, however, is not denounced by the African countries themselves because generally there is no competitive domestic production and perhaps also because of the existence of very close economic ties which are maintained with the EEC countries under the Lomé Agreement.

15/ Several countries on the West Coast of Africa (Angola, Congo, Zaire, Cameroon, Ivory Coast, among others) will probably find their external accounts situation somewhat relieved if the explorations for petroleum currently under way in those countries are successful.

be extended to all the African and Latin American countries in need of financing.

Related to this subject is trade information. There are no traditional contacts between Latin American and African banks and it is very difficult to obtain reliable and timely information on potential clients and their solvency; external trade regulations; possibilities for the sale of products, etc. Because of this same want of contacts and knowledge, problems arise when trade guarantees to cover a transaction have to be obtained. With respect to securing trade information it is suggested that the support system established by Brazil should be borne in mind; it has proved to be highly effective in the concerting of trade transactions. (See section I.D.3.) Not all the countries will be in a position to organize and maintain a similar system and, in these cases, joint mechanisms would have to be established, such as, for example, an African-Latin American Chamber of Commerce.

Another little-analysed possibility is communication and the corresponding connexion between the many economic integration systems existing in the two continents. Thus, a beginning might be made with the reciprocal granting of certain tariff concessions that may prove an effective means of dynamizing trade between the system.16/ Similarly, it might be interesting to study the desirability of interconnexion of the international payment systems operating in the various regions. But the great practical problems that these linking-up attempts may pose must not be underestimated, particularly considering the difficult situation in which most of the integration systems are placed and the experience met with in efforts at convergence on a regional scale.17/ Another opportunity for the granting of reciprocal preferences is accorded by the negotiations that are shortly to begin under the aegis of UNCTAD with a view to the establishment of a General System of Preferences among developing countries.

The lack of adequate transport and communications has also been pointed out as one of the factors which have limited trade hitherto. At first sight there would seem to be a vicious circle: no trade exists, so there is no appropriate transport, and this in turn prevents the development of trade. Undoubtedly there is some truth in this assertion. Until a short time ago there were no regular and direct means of communication between the two regions; contact between them was channelled through the former metropolitan countries, a fact which sometimes made such communication more complicated and more costly. Brazil was the first country to establish regular flights and shipping lines to the West Coast of Africa. Argentina too has for some time

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16/ In this context, it is worthwhile to recall that at the most recent Tokyo Round of GATT the formal barriers to the granting of tariff preferences between developing countries were abolished (enabling clause).

17/ On this occasion no details will be given of the present situation and future prospects of the integration and co-operation systems functioning in Latin America, since this topic has been dealt with in a recent document. See "Regional Integration and Co-operation in the 1980s", E/CEPAL/G.1151, 30 April 1981 been running regular shipping services to the coast in question. Transport is still a problem in the case of the other countries. For Mexico particularly this deficiency has been adduced as one of the greatest obstacles to trade. The transport problem is undoubtedly crucial for Latin American countries on the Pacific coast and those of Africa which have their coastline on the Indian Ocean.

Much can be done to improve communications between the two regions. It seems advisable for the interested parties to take the initiative and not to wait until the big international airlines and shipping companies concern themselves with these routes. Estimates of potential volumes of cargo and passengers should be prepared and on this basis a system of regular services should be organized. It may be necessary for these services to be subsidized at first, in view of the low volumes transported in the initial stages. Consideration must also be given to the possibility of organizing multinational transport companies in which two or more countries desiring to have such services at their disposal can participate. Practical experience with multinational transport companies of this type already exists, and must be carefully analysed before such undertakings are embarked upon. There may be other alternative ways of organizing timely and efficient transport between the two regions: for example, through individual or collective chartering of shipping and aircraft.

Similarly, great care must be taken in the promotion of other direct communication services: for example, in the field of telecommunications. The fact that these communications are channelled through a large world centre does not mean that this intermediary function must necessarily make communication more difficult and more costly. It seems that the greatest problem lies rather in the transmitter and recipient countries themselves, where infrastructure and equipment are insufficient, old-fashioned and often ill-managed. The same is true of transport and communications within the countries in question, which may be dearer and more unsatisfactory than communication with the outside world. Of course, the problem of communications in general is not merely one of technology but mainly a question of organization and in some cases of heavy initial investment which is afterwards compensated by a much higher rate of return on installed capacity.

There is still much ignorance of real conditions in each of the regions and specifically of their markets and exportable supply. Relatively inexpensive means of filling this gap exist, such as the organization of trade missions, participation in industrial fairs organized in the two regions, collection and distribution of trade information and, in general, the commercial and diplomatic representative bodies. In Africa the visual image of the product is known to be of great importance, so that the potential buyer must have access to illustrative samples and leaflets. Adequate internal distribution services must be available for the product on sale, as well as repair and spare parts services. Any attempt at export promotion in a new market must form an integral part of a medium- and long-term trade policy which ensures a permanent footing and increasing participation in the markets in question. In this context it may be noted that several countries have already had relatively long experience

(10-15 years) in the application of a wide range of export promotion programmes. This experience has been analysed in several international seminars and meetings whose findings and conclusions have been described in a number of publications.18/ Similar experience must exist in the African continent, in which case there are plenty of possibilities for the exchange of information and know-how in this field.

Due attention must also be paid to the special relationships which have traditionally existed between most of the African countries and the countries now forming the European Economic Community (EEC). This linkage, which dates from colonial times, still persists today in the form of a strong propensity on the part of African importers to choose European suppliers. In some instances, the persistence of such ties is based on the competitiveness of European exports, but in many others the factors motivating this rigid relationship are a good deal less tangible: ignorance of the existence of other sources of supply, for instance, and the mere habit of always buying from the same traditional suppliers. Similarly, it must be taken into account that most African exports have preferential access to the EEC market under the Lomé Agreement.

Historically determined linkages also survive in Latin America, although to a lesser extent. The relative importance of the United Statesas a supplier and market for Latin America has steadily declined since the 1960s and that of Europe and the centrally planned economies has concurrently increased. Linkage with the other developing regions, however, is still very slight.

In short, there is plenty of ground to be explored in respect of the possibilities of increasing and diversifying trade between the two regions. Any attempt in this direction must logically be based on real competitiveness of the exports to be developed, but equal importance attaches, especially in the initial phases, to the various promotion programmes that must accompany the new export flows and the necessary follow-up in the form of the services indicated. With regard to Africa's exports to Latin America, a special effort is required to broaden the spectrum of goods, in particular manufactures, and to incorporate Latin American markets that at present do not obtain supplies from African producers, or else to enlarge those that already do.

18/ See, for example, the series "Políticas de Promoción de Exportaciones", E/CEPAL/1046, Santiago, Chile.

Annex I

TENTATIVE LIST OF PROJECTS AND WORKS EXECUTED OR IN COURSE OF EXECUTION IN AFRICA BY BRAZILIAN ENTERPRISES 19/

1. Angola

1.1. Construction of hotels

2. Algeria

2.1. Construction of an airport
2.2. Structural project for the Sidi-Moussa industrial complex
2.3. Construction of three housing developments
2.4. Project for and construction, water proofing and facing of the University of Constantine
2.5. Project for and construction of the University of Algiers
2.6. Structural project for a housing development (Les Avrés)
2.7. Projects for construction of the Saara, Touguet-Ghardaia railway (440 km)
2.8. Structural project for the new administrative city of Algiers
2.9. Structural project for the Oram hotel
2.10. Project for the establishment of four factories
2.11. Structural project for the Omnisport building
2.12. Project for a hydroelectricity dam

3. Ivory Coast

3.1. Construction of hotels
3.2. Cultivation of the soya bean

4. Gabon

4.1. Telecommunications project
4.2. Exploration for petroleum

5. Ghana

5.1 Electromechanical assembly of a hydroelectric power station at Akocombo

6. Libya

6.1. Basic sanitation projects

7. Mauritania

7.1. Construction of the Nouakfat-Kifa and Kifa-Nema highway
7.2. Construction of Nema airport

19/ This list is subject to modification

8. <u>Mozambique</u>

8.1. Construction of the Carimana dam
8.2. Industrial processing of tropical fruit
8.3. Coffee-roasting project

9. <u>Nigeria</u>

9.1. Installation of two ceramics industries
9.2. Installation of three manioc-processing plants
9.3. Paving of road surfaces
9.4. Design and execution of project for telecommunications networks in nine states
9.5. Rehabilitation of the Lagos telephone network
9.6. Design of enlargement of Lagos harbour
9.7. Railway bridge
9.8. Administration of the telecommunications system
9.9. Establishment of integrated farms
9.10. Reafforestation

10. <u>Kenya</u>

10.1. Construction of hotels

11. <u>Tanzania</u>

11.1. Construction of Monjuzu-Dodoma highway (270 km)
11.2 Construction of repair workshop for Diesel engines

<u>Source</u>: Carlo Arena, "A Exportacao Brasileira de Servicios de Engenharia", IPEA/CEPAL Agreement, October 1980;
<u>Revista Mercado</u>, 15 May 1980;
Jacques d'Adesky, "Intercambio comercial Brasil-Africa (1958-1977): Problemas y perspectivas", Estudos Afroasiaticos Nº 3, Cadernos Candido Mendes.