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Trade and Monetary Relations in the West African Sub-Region 1966-1970

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TRADE AND MONETARY RELATIONS IN THE WEST AFRICAN SUB-REGION, 1966—1970[1]

Introduction

The West African Sub-Regional Group of the Association of African Central Banks is composed of six central banks that serve the twelve constituent member-countries. The countries include four sterling area countries: Gambia, Ghana, Nigeria and Sierra Leone; the remaining eight countries — Dahomey, Ivory Coast, Mali, Mauritania, Niger, Senegal, Togo and Upper Volta — belong to the franc zone.

Together, the Sub-Region has an estimated total population of some 100 million, or a little less than one-third of the 335 million for the entire African continent. It has a combined geographical size of 2·1 million square miles (5·4 million sq. kilom.), which is about one-sixth of the size of Africa. Its average per capita income of $114 in 1966 compares with the $140 for the continent in the year.

The sterling area countries formerly shared a common currency, the West African pound, issued by the West African Currency Board established in 1912. Beginning from the late 1950s, the Board gradually withered away as the countries gained political independence and each established a national currency and created an independent monetary authority.

In December 1945, all French colonial Africa adopted the CFA *(colonies francaises d'Afrique)* franc as the monetary unit. Although the CFA initials still remain, they now mean *communaute financiere Africaine* to reflect the fact of political independence[2]. There are about fourteen countries in Africa in the franc zone.

Seven of the franc zone countries in the Sub-region — Dahomey, Ivory Coast, Mauritania, Niger, Senegal, Togo and Upper Volta — belong to the "Union Monetaire Ouest Africaine" (U.M.O.A.) and share a common CFA franc issued by a common central bank, the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO), although the currency note of each country is made distinguishable by a separate identification letter. These CFA francs are convertible into the French franc at the rate of 1 CFA franc = 0·02 French franc.

Mali is not a member of UMOA, but has its own central bank, established in 1962, which issues its own currency. The parity of the Mali franc to the French franc is MF 1 = 0·01 French franc. Like the CFA franc countries, however, Mali maintains an Operations Account with the French Treasury, so that settlements with France, or with any country in the franc zone, are freely made in Mali francs, French francs or the currency of any other Operations Account country.

There is no recognised international currency exchange market in the Sub-Region, most currency transfers are made through London or Paris. Only the sterling area countries in the Sub-region have the par values of their currencies established with the International Monetary Fund. Up to 1970, the Gambian Pound was 2·13281 grams of fine gold or £G1 = U.S. $2·40; since July 1971, the Gambian dalasi has a content of 0·426562; one Ghanaian new cedi was

[1] Being the Report of the Study Group of Central Bank Directors of Research in West Africa, set up by the West African Sub-Regional Committee of the Association of African Central Banks (AACB). The Report was adopted at the second meeting of the Sub-Regional Committee in Dakar in May 1972. Detailed statistical information upon which the Report was based can be obtained on request from the Director of Research of the Central Bank of Nigeria.

[2] This new meaning applies strictly to the monetary unit of the West African Monetary Union.

0·870897 gram of fine gold or NC1 = U.S. \$0·98; a Nigerian pound was 2·48828 grams of fine gold or £N1 = U.S. \$2·80 while the Leone of Sierra Leone was worth 1·06641 grams of fine gold or Le.1 = U.S. \$1·20[1]. None of these currencies, however, is a "convertible currency" under the terms of Article VIII of the Fund Agreement, and the countries, therefore, can impose restrictions on payments and transfers.

PART 1

Foreign trade and its importance

Characteristic of developing countries, the twelve member-countries are mainly primary producing countries, the range of products being limited to a few commodities. The principal export products of member-countries are:

- *Dahomey* — palm products, cotton, fish.
- *Gambia* — groundnuts.
- *Ivory Coast* — coffee, cocoa, timber, bananas.
- *Ghana* — gold, diamonds, timber, aluminium, cocoa.
- *Mali* — rice, cotton, groundnuts, livestock, fish.
- *Mauritania* — iron ore, copper, gum, gum arabic, fish.
- *Niger* — groundnuts, livestock, uranium.
- *Nigeria* — crude petroleum, tin, groundnuts, palm products, rubber, cocoa, cotton, timber.
- *Senegal* — groundnuts, phosphates, — fish, manufactures.
- *Sierra Leone* — diamonds, iron ore, bauxite, palm kernels, coffee, cocoa, ginger and kolanuts.
- *Togo* — phosphates, cocoa, coffee.
- *Upper Volta* — livestock, cotton, groundnuts.

Foreign trade is an important economic activity of all member-countries of the Sub-Region. A large volume of the domestic commercial production, mainly primary commodities, is exported, most of the capital goods needed for development, essential and non-essential consumer goods, and a great variety of raw materials and intermediate goods are imported. Foreign trade is therefore indispensable for the current and future welfare of the people. The bulk of government revenue also derives from foreign trade, in the form of import and export duties. This has sometimes led, in some countries, to a conflict between arresting deterioration in the balance of payments and maintaining adequate government revenue.

Conventionally, foreign trade dependence is measured by the ratio of exports to GNP. In 1969, the ratio ranged between a low of 7 per cent for Mali and a high of 40 per cent for the Gambia. The low ratio in some countries is attributable to a relatively large portion of non-monetary transactions in total GDP. A more meaningful measure may be the ratio of exports to money supply. This indicates a low of 14 per cent for Mali and a high of 586 per cent for Mauritania in 1966. For 1970, the low was some 38 per cent for Mali and a high of 448 per cent for Mauritania.

Intra-Sub-regional trade relations

Despite the significance of foreign trade to the Sub-Region, only a minimum portion is transacted amongst the member-countries. About 97 per cent of the recorded trade is with countries outside the Sub-region—mainly those outside Africa. Intra-Sub-regional trade averaged only about 3 per cent for the period 1967—70

Another unwelcome feature of intra-Sub-regional trade is that, while total exports and imports of the Sub-region has been rising,

[1] Following recent currency changes, the present parities are C1 = \$0·78; £N1 = \$3·04000 and Le 1 = \$1·30286.

the proportionate share of intra-Sub-regional trade has not only continued to be small but has declined consistently over the period.

Intra-Sub-regional trade as a portion of total external trade[1]

1966	1967	1968	1969	1970
3·3%	3·5%	3·1%	2·5%	2·2%

It should also be noted that the importance to the Sub-region of its trade with other African countries (minus South Africa) has similarly declined:

The Sub-region's trade with other African countries as a portion of its total external trade[2]

1966	1967	1968	1969	1970
4.8%	5·7%	5·4%	4·3%	4·0%

This tendency appears to be applicable to intra-African trade generally.

In an earlier study, the ECA had concluded that "the relative importance of intra-regional trade in Africa's aggregate trade with the world is strikingly low and has shown a tendency to lag behind Africa's total external trade..."[3] Katabi has also mentioned the "tendency towards stagnation or even regression in Africa's intra-regional trade"[4]. These views have also been supported by a recent study by the IMF on the trade relations between Ghana and the Entente countries[5].

The above fact is one of the basic problems facing the economic development effort of countries of the "Third World": the fact that trade between them is insignificant and declining in a world where their major trade partners, the developed countries, continue to create an unfavourable climate for exports from developing countries through the manufacture of synthetic substitutes, "administered" import prices, and other protectionist devices. The promotion of trade among developing countries and within each developing country is therefore an important factor of development in itself.

1 Based on IMF/IBRD data.
2 Based on IMF/IBRD data.
3 ECA, *Intra-African Trade* (E/CN. 14/STC/20. Add). 4th November 1963, p.1
4 W. Katabi, *Problems of Intra-African Trade and Payments,* (mimeographed), Lecture delivered to the African Central Banks Training Course, Lagos, October 1970, p.25.
5 IMF, *Payments Arrangements, etc., between Ghana and the* Entente countries, SM/72/60, (mimeographed), Washington, D.C., March 6, 1972.

Unrecorded trade

A large volume of the external trade of the Sub-region (and indeed of the African continent as a whole) is not recorded. And with particular reference to intra-Sub-regional trade, the difference between recorded and unrecorded trade is very substantial. It has been estimated that unrecorded intra-regional trade in West Africa, far exceeds the officially published figures, by nearly three-fold[6]. The IMF in its recent study referred to earlier, put the estimate of unrecorded trade between Ghana and the Entente countries as varying between 50 per cent and ten-fold of the volume of recorded trade.

One factor explaining the substantial volume of unrecorded trade is the very source of the foreign trade data: figures are mostly obtained from the Customs, which in many cases do not record goods not subject to, or exempt from, duties. Some official estimation methods also lead to under-valuation. A typical example of this is the practice of fixing standard values *(valuers mercuriales)* for export or import commodities, if their prices are not available at the time of shipment. The standard values are usually lower than actual market prices.

Another is the nature of the various borders, which in the main are artificial. For example, the same family may have one part of it living in one side of, and the other part on the other

6 Henry Henuser, *Toward Closer Co-operation among Separate Monetary Systems in West Africa* (mimeographed) Abidjan, 1971. See also Bernard Vinay, *L'Afrique Commerce avec L' Afrique* (quoted by W. Katabi, *op. cit.*)

side of, a border: Indeed, it has been said that many people along the borders hardly even consider what the border really means. As Nicolas Plessz puts it:

> For many people living in frontier zones, the nearest market place is in the neighbouring country across the border, whereas the nearest commercial centre for essential supplies within the country is sometimes at several days walking distance. This situation has led to more or less widespread tolerance of "frontier traffic" or "traditional traffic" but, at the same time such tolerance has opened the door to smuggling on a commercial scale[1].

Traditional border trade in kolanuts, onions, garri, yams, pepper, livestock on the hoof, fish, etc., is carried on regularly on a large scale across the borders, without any system of recording. Some of this trade is by barter.

Added to this relatively high propensity for border trade, inefficient and ineffective customs control, (or difficulty of effective control along the long and difficult terrain of the borders) has led to large scale smuggling of primary export produce, manufactured consumer goods, including alcoholic beverages, etc., Incentives to smuggling has resulted from a number of factors, including price disparities in neighbouring countries as a result of different tariff systems in operation, the imposition of strict exchange controls, which have induced many unscrupulous people to smuggle export produce to neighbouring countries to obtain foreign exchange, and perhaps utilise it to buy and smuggle goods which are under ban, or whose importation had been restricted.

It is also known that migratory workers, on returning home from the country of employment, buy consumer goods which are not readily available in their home country, declare them as personal effects and as a result they are not recorded, either as exports of the former country or imports of the latter.

Quite apart from the fact of unrecorded trade, the records of trade that are kept by member-countries show some significant inconsistencies. There are many instances where Country 'A' records a certain value of imports from Country 'B' during a specific period, but Country 'B' may either report nil for exports to Country 'A' or reports figures which differ substantially.

Differences between reported trade data of two countries may arise from differences in exchange rates employed in conversions of export or import values, or from the existence of differences in the operation of Customs regulations. But in the case of the West African Monetary Union, where member-countries use the same currency and have similar customs regulations, one would not expect such substantial differences in the trade data between any two of the countries to occur. But this is the case: Substantial differences exist between the export/import figures of countries of the Monetary Union. Indeed, there is hardly any case where such figures tally!

Inconsistent trade statistics are also evident from information published by the major international data-collecting agencies. From all these considerations, it should be realised that the problem of getting meaningful data on intra-west African trade is not an easy one. This realization should help make the authorities of the various countries face up to the problem with all seriousness.

Direction of Sub-regional trade

The meagre trade that subsists between member-countries appears to follow some definite channels. On the average, each of the seven countries of the West African Monetary Union and Mali (except Mauritania) had a greater portion of its external trade conducted in the Sub-region than each of the

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1 Nicolas G. Plessz, *Problems and Prospects of Economic Integration in West Africa.* Montreal, 1968, p. 53.

four English-speaking countries. The substantial percentage shares of Upper Volta, Mali and Niger are noteworthy. These three countries are the main producers of livestock in the Sub-region, and they carry on substantial north-south trade relations; they also share the greatest number of common borders with other countries in the region: Upper Volta with six countries, Mali six and Niger four.

There is a marked trade dichotomy. Members of each of the two monetary zones carry on a greater portion of trade between themselves, with the result that inter-zonal trade is limited. For example, in 1970 intra-trade of members of the West African Monetary Union constituted some 69 per cent and 81 per cent of their total West African exports and imports, respectively:

	Exports	*Imports*
Dahomey	42·3%	79·0%
Ivory Coast	77·5%	89·9%
Mauritania	96·6%	76·7%
Niger	33·4%	86·1%
Senegal	75·1%	90·2%
Togo	84·4%	38·5%
Upper Volta	73·7%	78·6%
	69·1%	81·1%

The average for the period 1966/1970 was 68·6 and 79·5 per cent for exports and imports, respectively. The portions of total intra-regional trade of the U.M.O.A. countries that went to other countries in the Sub-region during 1966/70 are as follows:

Direction of West African Trade of the U.M.O.A. 1966/1970

	Exports	*Imports*
The Gambia	0·5%	0·2%
Ghana	6·0%	6·3%
Mali	8·6%	5·9%
Nigeria	13·2%	5·1%
Sierra Leone	1·2%	0·1%
Others	1·9%	2·3%
	31·4%	20·5%

The concentration of trade among the four member-countries of the sterling area is, however, smaller, compared to the concentration observed among the CFA franc countries. Of their total trade in the Sub-region, the portions with sterling area countries are as follows:

	Exports		*Imports*	
	1966/1970	1970	1966/1970	1970
The Gambia	41·8%	77·4%	51·5%	40·0%
Ghana	76·5%	83·1%	25·8%	22·5%
Nigeria	58·6%	66·4%	50·2%	44·4%
Sierra Leone	33·1%	10·4%	63·9%	76·4%
	52·5%	59·3%	47·8%	45·8%

Trade concentration in monetary zones can be explained by the colonial heritage of the pattern of trade, the relative freedom of trade within each zone, the easy transfer of payments, either through the use of a common currency or the use of a trading currency common to both. The existence of a common language also promotes understanding and facilitates opportunities for trade.

But the sharing of common borders seems to have greatly influenced the pattern of trade. This perhaps partly explains why there is more concentration of trade among the franc zone countries than among the sterling area countries. The franc zone countries are more contiguous than the sterling zone countries. Indeed, none of the sterling area countries has common boundaries with the other.

MEMBER-COUNTRIES' SUB-REGIONAL TRADE FLOWS

Dahomey. The chief exports are palm products, cotton and groundnuts. Other exports include fish, sheanuts and tobacco. Beverages, textiles and leather articles represent about 40% of total imports. Raw materials, semi-processed goods, fuels, lubricants, machinery and transport equipment account for another 40% of imports.

Total exports to the Sub-region rose from 442·2 million CFA francs in 1966 to 1,555·1 million CFA francs in 1970. Imports from the Sub-region increased from 832·0 million CFA francs to 1,708·9 million CFA francs during the period. Dahomey is a net importer from the Sub-region.

Dahomey carries on a substantial part of its trade with the Sub-region. In 1966, 10·1 % of its total imports and 17·1 % of the exports were with the Sub-region; in 1970 the proportions were 9·7 % and 17·2 %, respectively.

With the exception of the Gambia, Sierra Leone, Mauritania, Mali, and Upper Volta, Dahomey has substantial trade relations with other members of the Sub-region. The principal trading partners are Togo, Nigeria and Ivory Coast.

Senegal. Groundnuts account for over 70 % of its total export receipts. Phosphates and canned fish are two other important export products. Other exports include fresh fish, vegetables, salt and some manufactured goods, such as paints, soap, shoes, textile fabrics, metal containers, etc.

Imports are mainly foodstuffs, especially rice. Food accounts for about 40 % of total imports. Food imports include sugar, dairy products, livestock, fruits, vegetables, kolanuts, etc. Next in importance to food imports are textiles. Since the setting up of the M'Bao refinery in 1964, crude petroleum imports have risen.

Senegal carries on trade with all countries in the Sub-region, and the portion of its trade with the Sub-region is impressive. In 1966, 3·7 % and 3·5 % of its total export and import trade, respectively, were with countries in the Sub-region, in 1970 the portions rose to 18·7 % and 6·0 %. Total exports to the Sub-region increased from 1,356·1 million CFA francs in 1966 to 7,895·1 million francs in 1970; imports over the same period expanded from 1,921·8 million to 3,214 million CFA francs.

Its major trading partners were Ivory Coast, Mauritania and Mali.

Upper Volta. The main export commodities of Upper Volta are livestock on the hoof and refrigerated meat. In 1966, these accounted for about 60 % of total exports. Cotton lint and cotton seed are next in importance, followed by groundnuts. The export of gold ceased in 1967, when existing mine deposits became exhausted. About 50 % of imports were consumer goods. Next in importance were raw materials and semi-processed goods.

Over the five-year period, more than 60 % of Upper Volta's exports were, on the average, with the other member-countries of the Sub-region. Its Imports from the Sub-region averaged 30 % of total imports. Upper Volta, therefore, had a greater part of its external trade directed to the Sub-region than any other country in the Sub-region. The Ivory Coast is the largest single market for its exports.

Its exports to the Sub-region were 2,920·2 million CFA francs in 1966 and 2,438·7 million CFA francs in 1970. Imports moved from 3,310·2 million CFA francs to 3,088·6 million CFA francs in the respective years.

The principal trading partners are the Ivory Coast, Mali and Ghana. Very little trade is transacted with Mauritania, and none exists for the Gambia and Sierra Leone.

Mauritania. Iron ore comprises about 90 % of Mauritania's exports. Other exports include fish, gum arabic, and livestock on the hoof. Capital goods constitute the bulk of imports, and this comes chiefly from outside the Sub-region.

Trade with the Sub-region is insignificant, although it rose substantially between 1969 and 1970. It represented only 0·8% of total imports and 0·1% of all exports in 1967; in 1970, the proportions were 6·7% and 4·2%, respectively. Mauritania's exports to the Sub-region rose from 4·4 million CFA francs in 1966 to 718·0 million CFA francs in 1970. Over the same period, imports advanced from 67·1 million CFA francs to 1,034·3 million CFA francs.

Its main trading partners in the Sub-region are Senegal, Ghana and Ivory Coast.

Niger. The two principal export products of Niger are groundnuts and livestock. its imports mainly include manufactured goods, food, beverages, tobacco, petroleum products and raw materials.

Trade with the Sub-region is very impressive. In 1966, 25% of its total exports and 11% of its imports were with the Sub-region, in 1970 the proportions were 40% and 13%, respectively. On the average, Niger was a net exporter to the Sub-region. Its exports rose from 2,157·4 million CFA francs in 1966 to 2,980·8 million CFA francs in 1970; imports during the same period increased from 1,242·9 million to 2,128·4 million CFA francs.

Niger's principal trade partners in the Sub-region are Nigeria, which forms the largest single market for its exports (mainly livestock) in the Sub-region, Ivory Coast, Dahomey and Senegal. Ivory Coast is the largest market for Niger's imports in the Sub-region. Niger's trade with the Gambia, Sierra Leone and Mauritania is minimal.

Togo. Cocoa is the leading export crop of Togo, followed by coffee. Together with phosphates, these items accounted for over 70 per cent of the total exports in 1968. Other export crops include palm products, cotton and groundnuts.

Imports of consumer goods shared over 50 per cent of total imports, while foodstuffs, beverages and tobacco, raw materials, fuels and lubricants, as well as capital goods, accounted for about 40 per cent.

Over the five-year period, an average of about 7·6 per cent of its global imports and only about 3 per cent of the exports derived from the Sub-region. Its Sub-regional exports grew from 286·0 million CFA francs in 1966 to 323·9 million francs in 1970. Imports over the same period rose from 953·9 million CFA francs to 1,270·8 million CFA francs.

Togo's major trading partners are Ghana, Dahomey, Ivory Coast and Senegal. It carries on little or no trade with the Gambia, Mauritania and Sierra Leone; trade with Mali is also minimal. It is a substantial net importer from the Sub-region, the single most important import market being Ghana. Most of its exports to the Sub-region are to Dahomey.

Ivory Coast. The principal traditional exports of the Ivory Coast are coffee, cocoa and timber. In 1967, they accounted for over 75 per cent of total exports. Other export commodities are bananas, kolanuts, pineapples, palm products and rubber.

Imports of food products are significant, so also are imports of other consumer goods, including clothing and automobiles. Raw materials, as well as machinery and transport equipment, also constitute a major portion of imports.

Although Ivory Coast trades with all member-countries of the Sub-region, the portion of its external trade that is carried on within the region is not very significant. It varied between 4·5 per cent and 6·1 per cent for exports and 2·6 per cent and 3·3 per cent for imports in 1966 and 1970, respectively.

A net exporter to the Sub-region, with Senegal and Upper Volta being the principal export markets, the country's exports rose from 3,450·5 million CFA francs to 7,115·7 million between 1966 and 1970; imports over the same period grew from 1,888·7 million to 3,518·1 million CFA francs.

Mali. Exports of the Mali Republic consist primarily of livestock and dried fish. These two products account for over 95% of total exports. Other important exports are groundnuts and cotton.

Its chief imports include automobiles and their spare parts, machinery, cotton and textiles, sugar, petroleum products, and cereal.

Mali has a substantial portion of its external trade transacted in the Sub-region. In 1966, virtually all its recorded exports (91 per cent of the total exports) were to the Sub-region; this portion rapidly and consistently declined to 29 per cent in 1970. The portion of its imports from the Sub-region varied between 14 per cent in 1966 and 16·8 per cent in 1970.

Mali exports more to, than it imports from, the Sub-region. Such exports rose from 2,936 million CFA francs to 5,673 million between 1966 to 1970, and the imports over that period rose from 1,234 million CFA francs to 2,140 million. Ivory Coast, Ghana and Senegal are its principal trading partners in the Sub-region. Little or no trade is transacted with Togo, Gambia, Nigeria, Sierra Leone and Dahomey.

The Gambia. About 95 per cent of the exports consist of groundnuts (shelled groundnuts, groundnut oil and cake); palm kernels and dried fish constitute some 3 per cent. Imports consist of capital goods and a large variety of consumer goods — especially textiles and clothing, food products, drinks and tobacco.

Trade with member-countries of the Sub-region is small. In 1966, The Gambia's exports to the Sub-region constituted only about 0·6 per cent of its total exports; in 1970 it was still about 0·8 per cent. Imports from the Sub-region are relatively substantial compared to exports. But they also represent an insignificant portion of total imports. In 1966, the percentage share of the Sub-region of the total imports of the Gambia was nearly 4 per cent; this dropped to 3·6 per cent in 1970.

The Gambia buys more from the Sub-region than it sells to it, mainly because its chief export product, groundnuts, is also produced in many countries of the Sub-region.

Its main trading partners in the Sub-region, are Senegal, Sierra Leone, Ghana and Nigeria. They account for over 90 per cent of its trade in the Sub-region. With the exception of Senegal in 1969[1]. The Gambia had balance of trade deficits with each of these countries throughout 1966 — 1970.

Ghana. Cocoa is the leading export product of Ghana, accounting for more than 65% of total exports. Next in importance are timber, gold, diamonds and manganese, which together represent about one-third of the exports. Manufactured goods and food account for the bulk of imports.

Ghana's trade with the Sub-region is not substantial. In 1966, for example, exports to the Sub-region represented only 1·4 per cent of total exports and imports from the Sub-region were 3·6 per cent of total imports. These shares have even declined in recent years; in 1970 exports represented 0·4 and the imports 2·8 per cent of the global figures.

Another feature of Ghana's trade with the Sub-region is its one-sidedness. In its trade with almost all the countries, Ghana imported more than it exported. Its principal imports from the Sub-region are livestock from Upper Volta, Niger and Mali, and coal from Nigeria. Its main exports are Fowls, yams and cocoyams.

Its principal trading partners in the Sub-region are Nigeria, Upper Volta and Mali. Together they account for some 95 per cent of its imports and 92 per cent of its exports in the Sub-region

Nigeria. In 1970, crude petroleum was the principal export product of Nigeria, accounting for nearly 58% of total exports. The second major export was cocoa, which represented 15% of the total. On the whole, agricultural exports accounted for 30% of total exports. Manufactures were only 3·5% of the total volume of exports. Its imports in 1970 comprised principally manufactured goods, chemicals and food.

Nigeria's trade with the Sub-region is not only small, but has also been on the decline: from £N4·3 million in 1966 to £N3·7 million in 1970. In each of the five years, trade with member-states of the Sub-region was not up to *one* per cent of the total of its external trade. The proportionate share of the Sub-region in the total trade dropped from 0·8 per cent in 1966 to 0·5 per cent in 1970.

Nigeria sells more to the member-countries of the Sub-region, as a group, than it buys from them. This may be explained by the wide range of goods it exports or re-exports. In each of

1 In this year the Gambia sold a substantial amount of groundnuts to Senegal for processing.

the five years, Nigeria recorded a favourable balance of trade. In the cases of some individual countries, however, adverse balances resulted: in the case of Senegal and Ivory Coast, the adverse balances have been persistent since 1967, in the case of Mali, Ghana and the Gambia they occurred in only one but not necessarily the same year.

Nigeria carries on trade with all the member-countries of the Sub-region. But its principal trading partners are Ghana, Niger, the Ivory Coast, Sierra Leone, Senegal and Dahomey. Trade with Mauritania and Mali has been relatively insignificant.

Sierra Leone. About 75 per cent of Sierra Leone's domestic exports are mineral products, with diamonds being the most important. Iron ore, bauxite and rutile (until May 1971,) are the other mineral products. Its imports consist mainly of manufactured capital and consumer goods and food.

Sierra Leone's trade, especially its exports, with countries of the Sub-region is minimal. Its imports from the Sub-region far exceeded exports in each of the five years. This is explained by the nature of its main export products—minerals—which are not in great demand in the Sub-region.

The Gambia is the main market for Sierra Leone's exports to the Sub-region, the only country with whom it has consistently maintained surpluses. Nigeria and Ghana received minimal amounts of its exports. On the other hand, the greater volume of its imports from the Sub-region were obtained from Nigeria and Senegal; Ghana, the Gambia and Ivory Coast were the other import markets.

PART II

BARRIERS TO THE FLOW OF INTRA-SUB-REGIONAL TRADE

Various factors have been identified as impeding the flow of trade among West African countries. These can only be treated in a summary form in a study of this nature.

A basic explanatory factor is the peculiar economic structure of the member-countries, with a pattern of production and demand oriented to trade with overseas countries. Most of the imports into the countries are manufactures that are produced outside the Sub-region. Those manufactures produced locally at present are designed to serve local needs, *i.e.*, as import substitutes. Even then, some of the goods are less competitive with imported products with regard to both quality and price. This has sustained the traditional bias in favour of goods imported from outside the Sub-region. About ten primary commodities — cocoa, coffee, cotton, groundnuts, livestock, fish, palm products, diamonds, iron ore and crude petroleum — account for 85 per cent or more of the total exports of the Sub-region. Apart from livestock and fish, which are in great local (that is Sub-regional) demand, the others are only demanded in commercial quantities outside the Sub-region.

Moreover, the economies of the Sub-region are largely competitive, and not complementary. This is the outcome of economic and physical geography, as the same vegetation belts run horizontally from east to west across many of the countries. The result is that each country along the same vegetation belt produces more or less the same type of commodities, and to that extent is self-sufficient (especially with reference to food crops). Closely associated with this natural phenomenon, is the social tendency of people along the same geographical belt to have identical preference scales. The generally low per capita income of the people reinforces this absence of varied preference scale—all limiting the expansion of intra-Sub-regional trade.

There is some complementarity, but this is limited to a north-south direction. Again, the explanation is geographical. Countries in the Sub-region fall roughly into two broad vegetation belts: *savannah* in the north, producing mainly livestock and grains, and the *forest belt* in the south, whose principal products are tree crops (such as cocoa, palm products, kolanuts, bananas, timber), tubbers, etc. The south, for example, depends on the north for its major supply of animal protein, while the north relies on the south for such important crops as kolanuts and some foodstuffs. In other words, intra-trade in the Sub-region tends to be based on *absolute advantage* and not on *comparative advantage*. Since the absolute differences exist largely between north and south, opportunities for intra-regional trade are more in that direction. But opportunities in this direction are not fully realised because of taste, information and other factors.

So long as the basic economic structure of the Sub-region remains as described above — what might be called "an overseas dependent primary producer" — so long shall its intra-trade remain scanty.

An adjunct to the basic economic structure is the burden of the historical pattern of the foreign trade of the countries of the Sub-region. The "channels" of overseas trade are still dominated by expatriate enterprises, including the large expatriate trading companies, who maintain banking, credit, insurance and other close contacts abroad. Payments and transfers are still easier through London and Paris than through capital cities in West Africa, as there do not exist in the latter places recognised international exchange markets. The historical trade association with the metropolitan countries thus still exists and is nurtured by various tariff preferences offered to the ex-colonies. In general, the U.K. continues to be the major single market for the exports and imports of the sterling area countries in West Africa, while France is for countries of the CFA franc zone. And although their respective shares of the trade have been declining, this has not reflected gains in trade with African countries, but with other developed countries of Europe, Japan and the U.S.A.

An offshoot of the overseas orientation and foreign domination of the trade of the Sub-region is the lack of adequate communication among the various countries. The large multinational trading companies that dominate the Sub-region's foreign trade have established little or very weak trade connections between the countries of the Sub-region, compared to the network of trade contacts that they maintain between the Sub-region and overseas. In many countries of the Sub-region, for example, little is known about the new manufactures that are being produced in each country.

There appears also to be a tendency among the economic planners in the various countries of the Sub-region to perpetuate the similar economic structures that have been a basic impediment to intra-trade expansion. Similar import-substituting industries are often established in many of the countries, thus creating the possibility of self-sufficiency in manufactured goods which is now the case with many local food crops! In a sense, the absence of Sub-regional economic co-operation among the countries will continue to hamstring reciprocal trade.

Besides, transport by land, sea or air between member-countries is not well developed; there is the absence of an integrated railway system, for example — the railway lines having been laid by rival colonial empires, each avoiding the other's territory. It is sometimes said that it is easier for persons and goods to get to Europe and America than to get to other countries in the Sub-region! Transport difficulties also relate to lack of proper storage and transport equipment for perishable products, which has impeded the growth of intra-Sub-regional trade in these products.

Apart from difficulties of direct remittances between countries in the Sub-region, foreign exchange difficulties have led to delays in receiving export proceeds from some countries in the Sub-region, and this constitutes some hindrance to the expansion of intra-Sub-regional trade. In particular, such payments difficulties have been experienced by exporters to Ghana and Nigeria — both countries operated very severe exchange controls during the period. The two countries formalised these payment delays on the basis of certain credit periods: the 180-day credit in Ghana between 1965 and early 1970, and the 90-180-day credit in Nigeria since March 1971. In some cases, bilateral trade settlement agreements have been entered into in the Sub-region in order to minimise the difficulties stemming from stringent exchange controls. Nigeria and Niger signed such an agreement in 1970 and Ghana and Upper Volta in 1971.

The existing payment facilities (even in the absence of payments restrictions) involving bank transfers, external currencies, and the routing of payments through London and Paris do not speed the flow of intra-Sub-regional trade. So also is the existence of separate currencies.

Various *trade and exchange restrictions* are in force in the Sub-region. These are reviewed below.

In the *franc zone* countries, comprising Dahomey, Ivory Coast, Mali, Mauritania, Niger, Senegal, Togo and Upper Volta, the exchange and trade restrictions are similar.

Although Mali issues its own currency, the Mali franc, its exchange and trade regulations were harmonized with the general pattern of the French franc zone in March 1968, when Mali opened on Operations Account with the French Treasury. The system of the Operations Account, which is a special feature of all CFA franc countries, ensures the convertibility of their currencies with the French franc. The foreign reserves of these countries are maintained in the Operations Account, and this entitles them to unlimited overdrafts from the French Treasury.

Trade and payments within the franc zone are free. Payments in respect of transactions within the zone are made in CFA francs, French francs or the currency of any other Operations Account country. Payments for transactions with non-franc countries are made through correspondent banks in France in any currencies of the countries, if quoted on the Paris exchange market. Imports from within the zone are not subject to licensing, or to *global quotas,* which apply to non-franc countries (except E.E.C. countries).

With the exception of Togo, the seven other countries listed above are members of the Customs Union of the West African States (U.D.E.A.O.). Goods originating within this Union are exempt from Customs duties, and the fiscal duty to which they are subject is only 50 per cent of the most favourable rate applied to similar products from outside the Union. The Union also has a common external tariff.

Exports to member-countries of the franc zone are also free of controls. Although exports to non-franc countries are not subject to quantitative restrictions, they are required to be licensed.

Payments for imports from non-franc countries must be "domiciled" with an authorized bank if the value exceeds a certain limit. The limit is, however, not uniform for all the countries. For example, the limit is 20,000 CFA francs in *Dahomey* and 500,000 CFA francs in *Upper Volta* (the highest among the member-countries). Similar regulations apply to payments for exports; the limit for Dahomey is 50,000 CFA francs and 250,000 francs for *Ivory Coast. Mali* has not established such a limit.

Travel allowance is restricted in respect of travel to non-franc countries. Capital transfers to non-franc countries are subject to exchange control approvals. Payments for invisibles to such countries in respect of non-approved trade transactions are also subject to approval.

Nigeria. Before the civil crisis, which started in 1966, Nigeria's foreign exchange and trade system was virtually free of restrictions. In order to arrest the pronounced strains on the country's balance of payments during the civil war, strict exchange controls and trade restrictions were instituted.

One notable characteristic of the controls imposed by the country is that they do not discriminate against non-sterling area countries. Imports from, and payments to all countries are subject to the same approval requirements and may be made in Nigerian pounds, sterling or in any non-sterling area currency. Proceeds from exports to all countries may be received in Nigerian pounds or in specified currencies. For some countries, including Hong Kong, a sterling area country, imports — even where normally under open general licence — must be supported with individual licences. Imports neither probihited nor subject to specific licensing may be imported under open general licence. The operation of exchange control regulation is shared among the Ministry of Finance, the Central Bank and authorised dealers. Payments for invisibles are controlled. Up to March 1972, a discriminatory basic travel allowance of £N25 was approved for travellers to African countries. This has now been abolished and all travellers are allowed £N100 a year. Export proceeds, excluding petroleum, must be surrendered to the Central Bank within three months of shipment. Proceeds from invisibles must be offered for sale to an authorised dealer, who has to surrender them to the Central Bank. Raising of capital abroad by companies is subject to control by the Federal Ministry of Finance, as well as investment by Nigerian residents in foreign securities.

Following the marked improvement in foreign exchange earnings and prospects for increased inflow of foreign exchange from rising petroleum exports, the Federal Government liberalised most imports in April 1971, and also instituted a new but more certain system for import payments. Most imports are now freed from restrictions and placed under the open general licence. The importation of some products is prohibited, either for health, defence, moral and religious reasons, or, in the case of a limited number of imports, because they are considered luxuries. Perhaps the restriction on imports on fresh fruits and vegetables would affect the exports of some member-states of the West African Sub-region to Nigeria, especially Ghana and Senegal; the restriction is of general application, however. Specific import licences are also required for a number of commodities, mainly as a protective measure for domestic products, such as rice, wheat, tobacco, alcoholic drinks and packaging materials. These commodities, however, are imported mainly from outside the Sub-region.

The Exchange Control Order, 1971, introduced a new system of deferred payments for imports involving 90-day and 180-day credits from the date of arrival of the goods in Nigeria.

With respect to Nigeria's exports most of the locally produced goods are under the general open licence and are exported without restrictions (except, of course, to South Africa and Namibia). Specific export licences are required for a number of items, while the export of certain products, such as Nigerian antiquities and works of art produced before 1918, and certain explosives, are prohibited.

The exportation and importation of Nigerian currency notes and coin is prohibited, while all foreign payments from Nigeria are subject to Exchange Control approval.

The Gambia. The import of certain specified goods is prohibited from all sources, predominantly on social, health and moral grounds. The import from any country of wheat flour is subject to specific licensing, in order to ensure the adequacy of such imports and fair domestic pricing. The import of rice is handled by The Gambia Produce Marketing Board. All other imports are freely permitted under Open General Licence if imported from the following countries, but are subject to specific licensing if imported from other countries: (1) all countries within the sterling area; (2) Austria, Belgium, Canada, Denmark, France, The Federal Republic of Germany, Greece, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, and the United States, together with the overseas territories of these countries, and (3) Argentina, Brazil, Chile, Iran, Iraq, Lebanon, Mali, Morocco, Paraguay, Peru, Senegal, the Syrian Arab Republic, Thailand, the United Arab Republic, Uruguay, Venezuela, and Yugoslavia.

Imports from sterling area countries may be paid for freely in Gambian pounds, or in any currency of the sterling area. Settlement for imports from outside the sterling area requires exchange control authorization, which is freely given on production of evidence of importation for any commodity that is covered by a valid specific import licence or that does not require a specific licence; payment may be effected in any non-sterling area currency other than Rhodesian pounds.

Because of domestic requirements, the export to any destination of charcoal, firewood, and crustaceans is subject to specific licensing. The export of all other goods to most destinations is freely permitted under open general licence. Exports to Bulgaria, mainland China, Czechoslovakia, Eastern Germany, Hungary, Poland, Rumania, The Soviet Union, and Yugoslavia are subject to licensing. Payment for exports to countries outside the sterling area must be received within six months from the date of export in a non-sterling area currency other than Rhodesian pounds or in a sterling area currency from the account of a non-resident of the sterling area, *i.e.*, from an external account held anywhere in the sterling area or from an account held in the Gambia.

As for invisibles, receipts in currencies of countries outside the sterling area must be offered for sale to the commercial banks authorised to deal in foreign exchange. Payments to sterling area countries may be made freely, but are subject to exchange control permission in the case of other countries; such permission is, however, given liberally in all genuine cases.

Ghana. With the exception of goods authorised by the Controller of Imports and Exports to be exported under open general licences, all exports must be covered by export licences granted by the Ministry of Trade. Licences will not be granted unless the supporting Exchange Control Forms A.2 have been approved by the Bank of Ghana.

The prescribed manner of payment for exports from Ghana is payment in sterling from a sterling account or payment in any convertible foreign currency. In addition, payment for exports may be accepted:

- *(a)* in Ghanaian currency from a non-resident account, *i.e.,* sterling or foreign, except blocked, accounts;
- *(b)* in convertible Ghanaian currency from countries with which Ghana has bilateral trade agreements and who maintain accounts with the Bank of Ghana to cater for such transactions.

Barter will not be entertained, and if payment for exports from Ghana is to be made by any method other than the aforementioned, authority must be obtained from the Bank of Ghana.

Except in such circumstances as may be prescribed by the Bank of Ghana and/or the Controller of Imports and Exports, no person shall export goods of any description unless:

- *(a)* payment for the goods has been made in the prescribed manner to a Ghana resident, or is to be made not later than 60 days after date of approval of Exchange Control Form A.2; and
- *(b)* the amount of the payment that has been made or is to be made is such as to represent a return for the goods, which is in all circumstances satisfactory to the interests of Ghana.

The control of imports into Ghana is exercised by the Ministry of Trade, Industries and Tourism (Trade Division), by the issue of:

(i) Specific Import Licences;

(ii) Open General Licence; or

(iii) Special Unnumbered Licences.

Under the system and operation of the issue of *Specific Import Licence*, the Importation of goods into Ghana is restricted, where such restriction is deemed necessary in the public interest:

(a) to assist in promoting and in maintaining the economic and social welfare of the country through the improvement of the country's balance of payments position and encouragement of local and infant industries;

(b) to enable the Bank of Ghana pursuant to these regulations and to the Exchange Control Regulations introduced at the same time, to fulfil its functions of regulating and controlling the transfer of moneys from Ghana and the disposal of foreign exchange derived from the exports of Ghanaian products.

In accordance with the Government's policy of gradually liberalising and removing import restrictions, and also adopting measures aimed at combatting periodic shortages of essential commodities, spare parts and drugs, the Government has placed a list of essential goods on *Open General Licence*, in effect freeing them from import licensing restrictions. For certain items under Open General Licence, importers are expected to obtain Open General Commitment Forms from the Controller of Imports and Exports.

Where satisfactory evidence can be produced to the effect that payment for goods which require Specific Import Licences has been made in the country of consignment, and that therefore no transfer of foreign exchange is involved, goods may be imported under *Special Unnumbered Licences*.

In making payments for imports, Exchange Control approval is only necessary when payment for the goods is required. The first two kinds of licences dealt with above allow payments to non-residents for imports into Ghana.

In practice, most of the payments of remittances to the foreign suppliers of the goods are approved by the commercial banks as Authorised Dealers under power delegated to them by the Exchange Control Authority. The authorised dealers — the commercial banks — are not allowed, however, to approve prepayments for imports, *i.e.*, payments before the goods have been shipped. They are normally permitted to approve payments for imports in advance of their entry to Customs only, against evidence that the goods have been despatched to Ghana.

Apart from tying up foreign currency often unnecessarily, overseas suppliers have been known to retain advance payments as deposits in order to secure future orders. If suppliers insist on guaranteed payment before accepting an order, the importers are expected to arrange with their bankers for an irrevocable documentary Letter of Credit to be opened through their overseas correspondent in the suppliers' country.

Sierra Leone. There are no restrictions on imports or exports in Sierra Leone, provided documentary evidence is produced to substantiate the legitimacy of the transaction. In the case of imports, for security and other reasons related to the national interest, certain imports such as firearms, drugs, etc., are made under special licence obtained from the Ministry of Trade and Industry.

With regard to exports, the export of agricultural commodities, with the exception of certain specified items such as piassava, must be channelled through the Sierra Leone Produce Marketing Board, which is a central marketing organisation for agricultural commodities and also charged with the responsibility of maintaining stability in the price of agricultural export commodities. In addition, Exchange Control Regulations require that the proceeds of exports to non-sterling area (non-Scheduled Territories) countries must be brought into the sterling area.

For all transactions involving foreign exchange, the Exchange Control Act divides the world into two monetary zones, namely, scheduled territories (synonymous with sterling area) and non-scheduled territories (synonymous with non-sterling area). There is no control on the movement of funds between Sierra Leone and member countries of the sterling area. In contrast, movement of funds between Sierra Leone and non-sterling area countries comes under the provisions of the Exchange Control Act and can take place only with the prior approval of the Bank of Sierra Leone, which is the Exchange Control Authority, or of one of the authorised dealers appointed by the Bank under the Act.

As The Gambia, Ghana and Nigeria are members of the sterling area and as such are scheduled territories, no Exchange Control permission is required in Sierra Leone for transactions involving the movement of funds between them and Sierra Leone. The rest of the members of the Sub-regional group being non-scheduled territories, exchange control permission is required for all transactions involving foreign exchange. However, provided such transactions are "bona fide" commercial transactions (supported by documentary evidence), and that all obligations under the Income Tax Act have been met, this permission is normally granted.

PART III

SUGGESTIONS FOR INTRA-TRADE IMPROVEMENT

Proposals for increased flow of trade in the Sub-region should be made with full recognition of the basic economic structure of the Sub-region. There seems to be little scope at the moment for securing a homeward redirection of the flow of traditional exports, as these will continue to find more demand over seas. A long-term solution may be found in purposeful and co-ordinated industrial planning by member-countries involving the processing/refining of raw materials into the form most needed by domestic consumers.

Some fillip would, however, be given to increased flow of trade if various Customs and other trade barriers, as well as payments restrictions at present maintained by member-countries, are progressively eliminated. The free movement of trade and payments, such as exists in the CFA franc zone, should be the ideal which each member-country of the Sub-region (and indeed of the proposed West African Economic Community) should co-operate to achieve.

Since the volume and portion of trade transacted within the Sub-region is very small, and in some cases insignificant, it seems that the balance of payments problems of countries that maintain the various trade and payments restrictions would not be inordinately worsened by liberalising trade flows in the Sub-region. On the other hand, the enlarged market that would result from trade liberalisation would lead to an increased flow of intra-trade at a time when it is becoming increasingly difficult to expand export trade outside the Sub-region because of the pursuance of protectionist policies, particularly in developed countries, which are at present the principal markets for the Sub-region's exports. Countries of the Sub-region are planning for industrialisation; success in this sphere would be limited if the Sub-regional market is not freed or expanded, especially since it cannot be hoped that the new manufactures would be easily absorbed by the markets of the industrially developed countries. It is in this sense that it has often been said that the promotion of intra-regional trade is in itself a factor of development. There is much need for co-operation, if not harmonization, in economic planning, with particular reference to the establishment of industries so as to eliminate duplication.

The problem of improved communications system and trade information need to be taken seriously by the various governments. There should also be more liaison between the chambers of commerce of the various countries.

The establishment of some type of payments arrangements that would facilitate prompt receipt of export proceeds by exporters would stimulate intra-Sub-regional trade. Central banks of the Sub-region can play a significant role in this connection. Some of the suggested proposals are reviewed below.

PART IV

Special Payments Arrangements

Three recent proposals for payments transactions between Ghana and the Entente States have been put forward by the IMF, the Secretariat of the Conseil de l' Entente, and the Economist Intelligence Unit (E.I.U.) of London and the Societe d' Etudes Pour le Developpement Economique et Social (SEDES) of Paris. These are summarised below.

Under the IMF proposal, central banks of the participating countries, acting on behalf of their respective governments, would each open accounts for the other in a mutually agreed unit of account in which transactions to be effected would be denominated. The accounts are debited or credited with payments for such transactions. Importers pay in local currency to their central banks, while exporters are reimbursed by their central banks in local currency. One of the central banks would be mutually designated the clearing agent bank and would periodically calculate settlement due to or from one central bank to the other. At the end of the accounting period (say, a month), a "creditor" bank receives payment in convertible currencies from the "debtor" central bank. Each central bank grants each other a mutually agreed line of interim credit between settlement dates; any excess by one party over the agreed limit becomes eligible for immediate settlement in convertible currencies. To ensure confidence, the respective governments have to guarantee the due settlement of accounts or create a guarantee fund for that purpose.

The proposal by the Conseil de I' Entente involves the creation of a *Common Fund* of convertible currencies through subscription by member-central banks and supplemented with foreign aid. Importers pay in local currency to their respective central banks, and exporters are paid by their central banks in local currency. Central banks having net balances in their favour would be reimbursed from the Fund at the end of each month, but debtor central banks would make good their obligations to the Fund in convertible currencies at six-monthly intervals.

The third proposal is by E.I.U.—S.E.D.E.S. consultants. Each central bank would open an account for the other in a denominated convertible currency. Importers and exporters would pay to or receive local currency from their respective central banks. Each central bank would grant to the other short-term interim credit mutually agreed upon. Net deficits of $1 million outstanding over a year are to be liquidated through imports of the same value by the creditor country. The three proposals are compared as follows:

(A) I.M.F.	(B) Conseil de l'Entente	(C) E.I.U./S.E.D.E.S.
1. Transactions denominated in a unit of account mutually accepted.	1. —	1. Transactions denominated in a convertible currency.
2. Reciprocal accounts at central banks credited or debited with export receipts or import payments.	2. Common Fund.	2. Same as (A)
3. Exporters reimbursed with local currency from, and importers pay local currency to, their central banks.	3. Same as (A)	3. Same as (A) and (B)
4. Clearing at monthly intervals with creditor bank receiving payment in convertible currencies from the debtor central bank.	4. Creditor banks re-imbursed at monthly intervals from the Fund. Debtor banks pay in their obligations to the Fund at six monthly intervals.	4. No provision for regular settlement of balances. Outstanding balances over $1 million and for more than *one year liquidated through imports by the creditor partner.*
5. Short-term interim credit granted to each other.	5. If Fund resources are from the banks, then six-month credit to debtor central banks.	5. Same as (A). But 4 above implies long-term credit of an indefinite period.
6. Excess over the agreed limit of interim credit is immediately due for settlement in convertible currencies.	6. —	6. —
7. An agent central bank designated to centralise the clearing and compute settlements due.	7. —	7. —
8. Government provision of guarantee for settlement.	8. —	8. —

Although the three proposals have some similarities, the IMF proposal differs from the others in one significant aspect; it does not incorporate the granting of longer-term balance of payments credit, which is an essential feature of the other two proposals. The EIU/SEDES proposal also indicated that the long-term credit would be liquidated by having the creditor country accept imports of the same value from the debtor countries, and not through settlement with convertible currencies. These systems of long-term credits and how they are to be liquidated, although of undoubted benefits to members, could create some difficulties and appear rather inopportune at the present stage of economic co-operation between member-countries. The IMF scheme appears simpler of operation and less ambitious than the others.

PART V

Recommendations

The Study Group feels that the main area in which central banks should be particularly concerned and be involved in finding solutions to the problem of increasing trade flows within the Sub-region is in the operation of inter-country payments.

It recognizes the fact that payments difficulties, although not the principal constraint on intra-trade flows, would continue to discourage trade between member-countries. But it is also convinced that efforts to evolve any system of payments arrangement would prove successful if it is initially limited to a clearing arrangement that is flexible and simple to operate.

The Study Group is not in favour of arrangements that would involve the granting of large and long-term credits which could only be cleared through enforced imports by the creditor partner.

It, therefore, recommends as a desirable and feasible clearing arrangement for all the member-countries of the Sub-region, the adoption of a system of settlements along the lines of the IMF proposals for Ghana and the Entente countries.

From the purely technical point of view, it is recognized that the more multilateral the arrangement, the more efficient it would be for the promotion of intra-regional trade flows.

Central banks should also assist the promotion of intra-trade relations in the Sub-region if they impress on their respective governments the need to give priority attention to the improvement and development of inter-state transport and communication facilities in their various facets.

Moreover, every effort should be made to increase public information and local consumers' knowledge about the variety of products that are available in the various countries of the Sub-region. Central banks' contribution in this connexion, even if indirect, could be positive. Members of the Sub-regional group should recommend to their respective governments the need for strengthening ties between their respective trade ministries, export promotion councils, and private trade organizations, such as chambers of commerce, with a view to exchanging information on a regular basis about goods that are available in each country.

The various governments should also be persuaded to formulate mutual policies for a systematic reduction, and where possible, total removal of tariff barriers, import controls and quota restrictions maintained by member-countries against each other, in the context of their respective global trade policies.

Central banks should emphasize the need for co-operation, if not harmonization, in economic planning, with particular reference to the establishment of industries so as to eliminate duplication.

The level of intra-trade, within the Sub-region, which is now very low, may be increased only by fostering the willingness to trade and the study group's firm belief is that the establishment of facilities for multilateral settlements, as proposed above, would be an effective step in this direction.