

# Africa caught between drought and the IMF

by Mary Lalevée

The latest report from the U.N. Food and Agriculture Organization (FAO) provides evidence that the production of food in Africa is going to fall even more drastically than expected, especially in Eastern and Southern Africa. In Eastern Africa, the three year drought has continued without respite, leading to crop failures in Tanzania, and what the FAO describes as "drastic production losses" in Kenya. Prospects for the 1984 maize crop in Kenya are "very poor" says the FAO, with estimates at 1.0-1.2 million tons, compared to an already low 2.25 million tons in 1983.

In southern Africa, the harvest of the main season crops is completed, and almost all countries in the region have reported serious losses. The estimate of the 1984 maize crop in Zimbabwe is "well below normal," and the country is expected to have to import grain, although it is traditionally an exporter. The output of coarse grains in Botswana, Lesotho, Mozambique, and Zambia is estimated at 2.75 million tons, or 40% below normal. In South Africa, maize output is estimated at 4.4 million tons, 6 million tons below normal. In 1982, South Africa exported 3.1 million tons of coarse grains, in 1983 0.3 million tons, and the forecast for 1984 is 0.1 million tons. South Africa is expected to import over one

## Commodity prices 1960-1990

Commodity	Unit	Commodity prices in Constant 1981 US\$			
		1960-70	1975-80	1981	1982
Petroleum	\$/BBL	4.5	18.9	34.3	32.8
Coffee	\$/KG	305	424	283	310
Cocoa	\$/KG	193	330	208	175
Copper	\$/MT	3,506	1,898	1,742	1,473
Cotton	\$/KG	217	202	187	160
Iron Ore	\$/MT	51.0	27.8	24.3	25.9
Sugar	\$/MT	252	385	374	189
Tea	\$/KG	418	248	202	191
Palm oil	\$/MT	754	648	571	443
Groundnuts	\$/MT	638	635	636	386

Source: World Bank

Note that in some cases the 1982 prices are less than half of the average 1960-70 prices.

million tons of wheat for human consumption in 1984/85, compared to only 300,000 tons last year and less than 200,000 tons in the early 1980s. In Angola, output of the main crops in the north of the country is expected to fall 50%.

In West Africa, although rain was plentiful in some areas, below average rain and consequently the failure of first grain plantings were reported in Upper Volta, Mali, and Chad.

Many of the very countries affected by famine are having to knuckle under to severe orders from the International Monetary Fund. In the last couple of months:

- **Gambia.** In exchange for help from the IMF, the Gambian government devalued the currency in 1983, and an agreement has been reached this year covering April 1984 to

## Structure of production of selected African countries

Country	GDP \$ million		Distribution of GDP (%)							
	1960	1982	Agriculture		Industry		Manufact'g		Services	
			1960	1982	1960	82	1960	82	1960	82
Chad	180	400	52	64	11	7	4	4	37	29
Ethiopia	900	4,010	65	49	12	16	6	11	23	36
Mali	270	1,030	55	43	10	10	5	5	35	47
Zaire	130	5,380	30	32	27	24	13	3	43	44
Upper Vol.	200	1,000	55	41	16	16	9	12	31	43
Uganda	540	8,630	52	82	12	4	9	4	36	14
Somalia	160	—	71	—	8	—	3	—	21	—
For comparison										
F.R.G.	72,100	662,990	6	2	53	46	40	35	41	52
France	60,060	537,260	11	4	39	34	29	25	50	62
U.S.A.	505,300	3,009,600	4	3	38	33	29	22	58	64

Source: World Bank 1983.

Note the totally inverted proportion of the percentages of population involved in agriculture and industry in the African countries and in the industrialized countries. The striking similarity is the closeness of the percentages engaged in the service industry, not a healthy sign. Not healthy either is the very low % engaged in manufacturing in Africa.

July 1985. In his budget speech on June 22, the Gambian finance minister announced the introduction of new taxes to increase government revenue. The country has reserves equivalent to less than three weeks of imports. Food imports increased to reach 34% of the total import bill, compared to 25% in the previous year, due to a 30% fall in food production, from 104,000 tons in 1982-83 to 68,000 tons in 1983-84.

- **Senegal.** The Senegalese budget "of rigor and austerity" announced on May 29, included a drastic 25% cut in the government investment budget; in fact, the amount allocated for this year has already been spent.

- **Liberia.** Negotiations are under way with the IMF for a \$45 million loan. An IMF team recently visited Liberia to discuss the loan, to "formulate new programs for the revitalization of the country's ailing economy," according to the magazine *West Africa*.

- **Zimbabwe.** The \$305 million borrowing program Zimbabwe had worked out with the IMF has collapsed, reported the *Financial Times* Aug. 14, because the government has been unable to reduce the budget deficit as demanded by the IMF. No doubt the government's purchase of food imports has partly caused the deficit of approximately \$600 million.

### Africa's debt crisis

Country	Devaluation % in 1983	Commercial borrowing 1983 \$ million	Public debt \$ m 1982	Debt rescheduled 1980-84 \$ million
Botswana	8	19	n.a.	
Cameroon	25	625	1,912	
Congo	25	124	1,370	
Ethiopia	0	37	875	
Gabon	25	30	n.a.	
Ghana	990	122	1,116	
Ivory Coast	25	107	4,861	1,200
Kenya	9	30	2,359	
Liberia	0	5	641	1,265
Madagascar	38	—	1,565	247
Malawi	19	—	692	46
Nigeria	9	1,793	6,085	
Senegal	28	—	1,329	224
Sudan	0	285	5,093	616
Tanzania	29	—	1,659	
Uganda	123; 186	—	587	49
Zaire	372	—	4,087	1,700
Zambia	20	140	2,381	482
Zimbabwe	8	43	1,221	

Source: IMF International Financial Statistics and World Bank

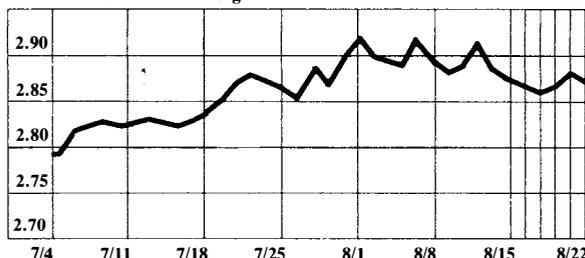
Note that several countries borrowed nothing on the commercial markets in 1983. Note also the size of some of the devaluations.

Total external debt is estimated at \$150 billion by the end of 1983, representing 180% of the value of Africa's exports of goods and services. The proportions in the two previous years were 161% in 1982 and 138% in 1981.

## Currency Rates

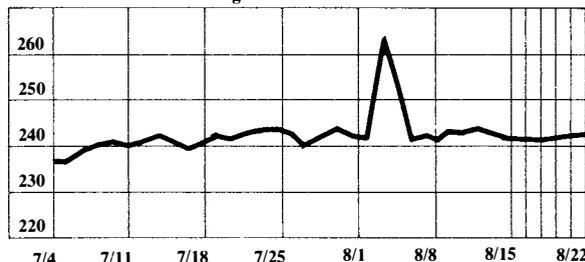
### The dollar in deutschemarks

New York late afternoon fixing



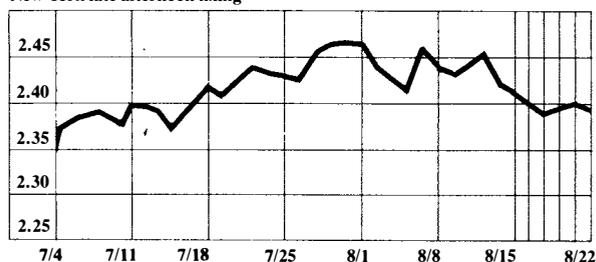
### The dollar in yen

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing

