African Studies, V. 4, (1975)

THE OCTOBER 6 WAR AND AFRICAN ECONOMY[1]

By

MOHAMED ABDEL GHANI SEOUDI

Professor and Head of Geography Section, African Research and Studies Institute, Cairo University.

In international relations, whether political or economic, no one is ever the winner or the loser all the time. Everyone has his turn according to changes in international conditions. Moreover, any political or economic decision adopted by a country, in respect of its external relations, must, in varying degrees, have either a positive or negative effect on one or a number of countries. This is because the international community is formed of a group of countries or political units and any change affecting one political unit will definitely be either to the advantage or at the expense of one or several other political units.

I am saying this in relation to the topic we are now discussing, namely, the effect of the October 6 War on African economy and the impact of Egypt's decision to enter the war on African countries. In this objective and scientific study, I have tried to point out the effect of this war and Egypt's decision on African economy in two main subjects : the Suez Canal and oil.

First : The Suez Canal

It was not possible to open the Suez Canal to navigation or to the world and international trade except after Egyptian forces on Cctober 6, 1973 had crossed to the eastern bank of the Canal and Sinai. The presence of two hostile forces or the two banks of the canal, naturally, impeded shipping even if the waterway were cleared of sunken vessels, rocks or mines. The re-opening of the Canal to shipping and navigation on June 5, 1975 had an effect on the world, including Africa. There are countries whose economies were very badly affected by the closure of the waterway and, therefore, its opening after the October War was a long-awaited remedy. If Egypt was the African country most harmed by the closure of the Canal since its total

(1) October Seminar, 1975, Cairo University.

material losses from the lost passage dues, destruction in habitation areas, slowing down of economic activity and the costs of moving workshops and factories as well as migration were not less than £ 1,200 million, then these economic losses are little as compared to the political and strategic considerations imposed by the very nature of the conflict in the region.

The African part which really suffered from the closure of the Canal was the eastern part starting from Sudan and ending at Mozambique, that is Sudan, Ethiopia, Djibouti, Somalia, Kenya, Tanzania and Mozambique.

Other countries which were also harmed were those located in the interior of the continent, such as Uganda, Ruanda, Burundi, Malawi and Zambia, which depend in their trade, both export and import, on the coastal countries mentioned previously. The gate way of these inland to the outside world namely Western Europe and North America, is through the Suez Canal, which reduces distances and number of the journeys, as indicated by the table below :

Table 1

Naval Journeys from Southampton (The United Kngdom)

Distance in maritime miles				
To	Through Suez	Through the Cape of Good Hope	Economy in distance	Economy in %
Port Sudan	3747	10841	7094	60
Djibouti	4446	10143	5797	57
Mogadiscio	5510	9077	3567	40
Mombassa	6044	8545	2501	30
Beira	6782	7507	725	10

The table shows that the economy in distance is less the farther away the port is from the canal. The effect is clear in Sudan and Ethiopia and gradually decreases until we reach Mozambique. Not an important reduction when it is only a question of decreasing the number of days of the trip and consequently the number of journeys which one ship can make in one year. It assumes far greater importance when we consider operation costs, particularly fue . It has been proved that the fuel price in tankers' trips represents alone about half the price of transporting one ton. This was not of great importance before the October War. However, after the crises in oil prices which were increased five-fold before the October War, the element of distance and transportation costs had an effect on the prices of the commodities which the above-mentioned African countries deal with and consequently on the degree of competition which they may find in other countries, particularly the countries of Latin America and the Caribbean Sea. Without entering into many details, I shall cite two examples in this context :

First : Somalia

Before the closure of the Suez Canal, bananas represented about 40% of the total value of exports of the country. However, in 1969, this fruit represented only 18% of the total value of exports. This was largely due to the finger dropping disease which, though known before, became more widespread and began to pose a grave problem, due to the closure of the Canal, the threefold increase of the maritime distance between Somalia and Italy (the main agent) and the doubling of the time period from 12 to 24 days. This led the Somali government to seek faster and better-prepared ships to go round the Cape of Good Hope. Until this was achieved, Equador seized the opportunity to fill the gap by exporting its banana crops to Italy in an attempt to wrest the market from Somalia. Therefore, due to the closure of the Canal, Somalia's bananas output faced a great challenge in its traditional market, namely, Italy. What saved Somalia to some extent was the preferential tariff given to Somalia bananas in the Italian market as well as the preferential treatment granted by the European Economic Community since Somalia is an associate member of the community. The costs of one ton of Somalia bananas in Italy, including all taxes, reached 263 pounds per ton within the existing preferential tariff system, without which the cost per ton would have risen to 311 pounds. This explains the disposal of some of Somalia's bananas due to the closure of the Canal. There is no dout that with the reopening of the Canal costs will once more be reduced. In this event Somalia could compete with, not only Equador's bananas, but also with those of the Ivory Coast, in West Africa, which enjoys the some privileges of Somalia in the European Economic Community even though the Ivory Coast was not affected by the closure of the canal.

Second : Djibouti

Djibouti is an example of these ports which depend to a large extent in their life on the passage and stop-overs of ships. Djibouti is situated opposite Aden and as a port has the same functions. It has at the entrance of the

Red Sea near the Red Sea's link with the Indian Ocean on the African side. The inhabitants of Djibouti depend, for a living, on the traffic of ships passing through the port in addition to the railways linking it to Addis Ababa. Despite the fact that the region is one of the most barren spots in the world, it is compensated by its strategic location. This may be seen in its balance of trade. In 1967, its exports were estimated at 2.8 million, the majority of which were leather and salts, all of which with the exception of about 500,000 worth were to France, whereas Djibouti's imports, that year, reached about 27 million. Therefore, this indicates re-exportation, namely, those products sold to ships transitting through or calling at the port. The port of Djibouti suffered badly from the closure of the Canal. Prior to the suspension of shipping in 1967, there was a marked and steady increase in the port's activity as it was responsible for 80% of Ethiopia's external trade. The tonnage of ships passing through in 1966 reached 1.8 million tons as 900,000 tons in 1960. In 1968, the volume of traffic fell by 33% as compared to 1966. Furthermore, there was a drop in the fishing industry and sale of fish was cut down by half. This led to the appearance of another problem, namely, unemplyment, especially that this port alone employs about two thirds of the inhabitants of the Avar and Assab region. In an attempt to overcome this problem before the reopening of the Canal, efforts were exerted to activate tourism and advertise the port's favourable climate from October to April as well as the purchasing facilities found in Djibouti as a tax free port. With the reopening of the Canal, life in the port returned to normal.

This was an example of the activity of ports in countries which favoured the opening of the Suez Canal.

TABLE II

Number of Ships which called at Port Sudan

1966 — 1970

Year	1966	1967	1968	1969	1970
Number	1223	1004	845	770	760

On the other hand, some African countries benefited from the closure of the Canal and were not anxious to have it re-opened. Consequently, the October War was to their disadvantage. These were namely the racist white minority government of South Africa which together, with Israel, represent racist regimes at the farthest southern tip of the continent and along its north-eastern boundaries. Any action in the Canal has its reaction on the Cape route, and any cessation on the Canal or inactivity in the Red Sea means increased activity via the Cape. For this reason, the South African ports found themselves faced with a huge maritime traffic rushing in from from the Indian Ocean, particularly, and heading to Western Europe and the new World. The Cape of Good Hope inherited the current of the Gulf oil heading towards Western Europe. The value of oil transferred to Europe reached 260 million tons in 1970 and reached 300 million tons in 1973. This is almost double the record petroleum tonnage transitting the Suez Canal prior to its closure. If the average number of ships passing through and stopping at South African ports, before the closure of the Canal, reached 2,500 vessels, this number increased threefold after the closure of the Canal. The volume of commodities increased by six times since this was the route followed by the giant tankers to which the world resorted only after 1967 in a bid to reduce distances and cut down costs.

Other countries benefitting from the increasing number of ships passing through their ports were Malagasy and Mozambique due to the change in the direction of traffic in the Indian Ocean to the South East instead of to the nort east as shown in Table III and Table IV .

Table III

Traffic in Malagasy ports (per thousand tons)

Year	1960	1966	1968	1970
Loaded commodities	235	399	591	719
Unloaded commodities	450	601	803	1019

Table IV

Traffic in Mozambique,s ports (per thousand tons)

Year	1960	1966	1968	1970
Loaded Commodities	3843	6854	9124	9828
Unloaded Commodities	2716	3175	4076	4044

In respect of West Africa, we can mention Senegal the capital of which, Dakar, witnessed a remarkable increase in the traffic of ships to the extent that plans werecontemplated to build drydocks for the repair of giant ships With a view to attracting international maritime companies to make Dekar a port of call for the vessels ; and also to set up a tax free zone close bywhree foreign organisations would be exempted from custom dues and bureaucratic restrictions.

Table V

Tarffic in Dakar Port (per thousand tons)

Year	1966	1968	1970	1972
Loaded commodities	2100	2015	2804	2389

Second : Petroleum :

The African Economic Committee issued a Report on African Economic and Social Survey in 1974, which described the situation as not very optimistic for the 36 African petroleum non-producer countries due to the mounting petrolum prices which have been raised 5 times since 1972.

In fact, as we said at the beginning of this research, it would be wrong to say that all the African countries have been harmed or have benefitted from the international changes that occurred after the October 6 War.

Before studying the effect of oil measures taken after the October War, it is preferable to shed light on oil conditions in the African continent. Africa is one of the continents which has only recently entered the field of international oil production even though Egypt is not only one of the earliest African countries to produce oil, but also in the Arab World, since its oil production dates back to 1918 when the Gamassa oil field on the Red Sea began production. Oil production at the international level began in the late fifties and early sixties in Algeria, Nigeria and Libya.

Therefore, we find that oil in Africa is concentrated in two regions : North and West Africa. In North Africa, Libya comes first followed by Algeria, Egypt and Tunisia. In West Africa, Nigeria is first followed by Angola, Gabon, and the people,s Republic of Congo. If Libya is the giant oil producer in North Africa then Nigeria is the giant producer of West Africa, in fact it was the leading African oil producing country in 1974.

Total African oil production reached 272,5 million tons in 1974 or 9.6 of international production. North Africa's oil production is now almost

Table VI

Development of crude oil production in Africa (in thousand tons)

	1950	1960	1970	1973	1974	%of world production in 1974
Algeria	80	900	48500	51200	48500	1.7
Libya	—	—	159800	104900	79500	2.6
Other countries in North Africa	2400	4500	27700	17600	16000	5
Nigeria	—	880	52900	100100	113500	4
Other countries in West Africa	—	850	10900	17600	21000	8
Total production of the African continent	2480	7130	299800	290500	272500	9.6

equal to that of West Africa, though North Africa prdouced three-fourth of the continent's output in 1970, that is, before the Otcober War. It is noted that the oil producing regions,whether in North or West Africa, are coastal countries. As for the poor countries, as those in which oil has been discovered, these are located in East or South Africa or in the interior part of the continent. Nevertheless some of these countries which have no oil, have oil refineries which rely on imported crude.

In this case, one may divide African countries, as regards the oil situation, into three categories:—

1. Importing and exporting countries : Nigeria, Libya, Algeria, Egypt, Tunisia, Angola, Gabon, and the People's Republic of the Congo.

2. Oil producing and importing countries : Morocco.

3. Non-producing and importing countries : Sudan, Ethiopia, Somalia, Assab and Avar, Zambia, Tanzania, Kenya, Uganda, Mozambique, South Africa, Cameroon, the Republic of Central Africa, Zaire, Dahomey, Ghana, Guinea, Iovory Coast, Liberia, Mali, Upper Volta, Niger, Senegal Mauritania, Sierra Leone, Mali and Togo. There are 33 refineries in Africa with an output of about 45 million tons. Countries which have oil refineries are either oil-producing or rely on the import of crude oil.

African countries which have refineries are Egyprt, Libya, Tunisia, Algeria, Morocco, Sudan, Ethiopia, Kenya, Tanzania, Mozambique, South Africa, Rhodesia, Zambia, Angola, Zaire, Congo, Gabon, Nigeria, Ghana, Lovory Coast, Liberia, Guinea and Senegal, that is about half the African countries.

The October War and Petroleum with regard to African Countries :

Many African countries were affected by the oil measures adopted by the Arab countries and OPEC, after the Egyptians had crossed the Canal, and as a reaction to the United States' constant support to Israel. We shall review here the degree to which they were affected then we shall examine how far the October War was responsible in this field. The apprehension of the African countries of the results of the October War increased at first when the oil policy was enforced in Novermber, 1973. The intention, at the beginning, was aimed at the hostile countries. However, Arab countries realised that imposing an oil embargo on some countries and not others would no have been completely effective, since these countries which were not embargoed could provide the others with their requirements of oil. Therefore, the policy of limiting production for all and, at that particular time made all the African countries, with the exception of the oil -producers, feel the oil embarog.

The countries which have refineries as well as those which do not, were all apprehensive of the policy since they all relied on imported oil whether crude or refined.

1. **Balances of payments :**

The situation may have changed with the flow of oil in the international market. But the complaint, at present, is the rise in oil prices and its affect on African economies or rath its effect on the 36 non petroleum producing African countries. The value of oil imports of these countries rose to 2062 million in 1974 as compared to 516 million in 1972. Most of the increase was due to the rise in the prices of imported oil and this effected a deficit in the balance of trade of these African countries, in 1974, mounting to 3738 million compared to about 700 million in 1972. Taking Ghana as an example, since it is one of the relatively advanced countries in West Africa, we find that in 1972—1973 there was a considerable increase in the prices of its major exports, namely, cocoa and wood. This led to a marked improvement in its balance of payments. The situation, however, changed dramatically in 1974 when Mr. T.E. Anin, Chairman of the Board of Directors of the Ghanian Commerecial Bank, stated that Ghana paid 53 million for its oil imports from January 1973 to end of December of the same year. However, it paid 100 million in the first seven months only in 1974. This not affected its balance of payment but also its development projects, particularly since during this year West European demand for wood fell. The situation could have been worse Ghana had not increased its cocoa production (its main export). If this was the situation in Ghana, what could it have been in other countries such Dahomey, Mozambique or Upper Volta.

TABLE VII

Develompment of African oil imports

(in US Dollars)

Country	1967	1969	1973	1973	1974
Ethiopia	12,42	11,08	14,97	29,61	69,64
Kenya	35,60	35,83	35,83	61,46	14,60
Uganda	1,50	8,56	2	6,99	16,44
Mauritius	5,25	5,60	4,29	7,53	17,72
Ivory Coast	14,34	17,83	19,29	34,54	81,28
Mali	2,59	3,41	4,89	10,13	23,84
Liberia	8,02	4,60	12,27	34,87	82,04
Morocco	23,37	30,56	42,73	85,97	202,28
Egypt	48,65	44,51	75	165,85	390,24
Sudan	8,35	35,30	25,61	44,08	103,72
Zaire	14,12	21,30	25,39	47,21	111,08
Cameroun	—	11,62	15,08	29,22	68,76

2. **Africa's lack of other energy sources :**

What makes the situation more critical is that the majority of African countries have come to depend on oil as a main source of energy. Ghana's dependence on oil is 80 and Tanzania 95 . This means that the continent has a shortage of coal. The only coal field of significant production lies in South Africa and this is the main reason behind the development of many mining operations there. Its yearly production reaches about 52 million tons. The Wankie coal field in Rhodesia comes next whose production is estimated at about 3 million tons.

As for the other fields they are insignificant; and are scattered in Nigeria, Morocco, Algeria, Mozambique and Zaire. The production of each does not exceed several hundred tons and it is poor quality coal. Good quality coke for heavy industry does not exist except in Natal and Rhodesia.

Despite the continent's wealth of hydraulic potentialities, these countries which possess such potentialities are generally far away from industrialised and populated regions. These potentiallities are found in Tropical Africa while the main consumption areas at present are the contours of the continent. It is known that the costs of electricity increase the longer the lines. The economic limit of extending these lines is at the present 500 miles. If nothing appears to reduce these costs this means that, in the light of the present circumstance, the possibility of benefitting from the electricity of tropical Africa is little.

3 . **The African countries efforts for development :**

African countries have sought to develop at a faster rate since they gained independence. They relied on exporting raw materials and at most semi-manufactured goods. They suffered badly from this specialisation. Industria-lisation, terefore, was the objective of many of these countries. If we know that development implies an increase in labour productivity through the exploitation of energy and technology, the energy requirement's of African countries will undoubtedly increase particularly if industrilisation is the basuis for development. It has also been noted that in Africa cities have developed at the expense of the rural sector. For example, the population of Algiers has increased threefold in one decade : 300,000 in 1959 to 900,0000 in 1960. Cairo's population reached 7 million in 1973 as compared to 4 million in 1960. An increase in the rate of modernisation is undoubtdly followed by an increae in the demand for oil.

WHY COULD AFRICAN COUNTRIES NOT FACE THE PROBLEM OF HIGHER PRICES ?

1 . **The nature of African economy :**

African countries could have been to face the problem of higher prices like other advanced countries when the prices of their commodities went up. However, the nature of African economy and African exports did not help.

It is an economy that relies on the exportation of agricultural or mineral raw materials. Raw materials comprise 92 of the total value of exports while the share of finished and semi-finished goods is less than 8 (in 1970). This led to econmic dependence and obstruated economic development. The prices of agricultural materials dropped after they had soared at the end of the fifties. This was particularly in respect of some major commodities produced by African countries. Some grains witnesseda catastrophic drop in prices which were cut down by about 50 as compared to the late fifties. The price of Sisal Tanzania's major grain as another example, dropped and from 140 pounds in 1963 to 70 pounds in 1967. The price of Ghana's cocoa dropped by 32 betwen 1959 and 1965. Other grains which have witnessed a catastrophic decline in prices in some years were coffee and cotton. These are all major exports for some African countries. The total loss of foreign accounts for Africa due to the drop in prices, particularly those of agricultural crops, is more than all the foreign accounts invested in the continent whether in the form of loans or grants in the two decades following World War II. Mr. Phillip Asidou, Permnent Secretary for the Ministry of Mining and Energy and chairmen of the National Union for Nigerian Oil, summed up the situation by saying that what happened after World War II was an inflation and increase in the prices of finished goods exported by the advanced countries as compared to a stagnation or drop in the prices of raw materials exported by Third World countries, in general, and African countries, in particular.

The Tanzanian Minister of Finance referring to the same situation, in a statement he made in Paris in 1975, said "the prices of the vital imports of Tansania increased at a rate between 20 and 50 while our income from exports either remained the same or fell. The oil bill alone in Tanzania increased from 35 million to 100 million in the last fiscal year. The oil bill went higher from 16 million in 1973 to 40 million in 1974." Some oil — producing countries such as Nigeria were badly affected with the growing inflation in the advanced countries. The value of its imports, excluding oil imports, increased by 40 in 1974 as compared to the previous year.

2 — Famine and the problem of foodstuffs in Africa :

Although the problem of foodstuffs was prevalent before the October War, it prevailed in the last period due to the drought which affected those countries, and unfortunately the poor countries. The drought extended from Mauritania to Niger, Mali, Upper Volta, North Nigeria and Central and North Ethiopia (the stal region). In these regions, praticularly in Africa the inhabitants are occupied in pasture and agriculture which both depend, on rainfall. The situation was even more critical because those countries affected by the drought with the exception of Mauritania do not have mineral resources rorth mentioning. The peoples of these countries look towards the sky and pray to God that the drought does not befall them for another year. The drought continued now for a number of years. The inahbitants exhausted their grain crops. At bresent about 25 million Africans live in famime, many became weak and thousands died of hungar. They were forced to eat seeds and nemyl borm cqlves and were unable to cultivate new crops.

Various diseases spread in these regions such as typhoid, dysentry, measels and intestinal inflammations. Cholera threatened the lives of 15,000 inhabitants of the capital of Niger alone. The number of inhabitants who experienced the famine in Chad alone in 1974 is estimated at about one and a half millon in the notrhern sector while in mthiopia they were estimated at about two million. The famine became more dangerous in countries lying in the interior of the continent, far from the sea, such as Chad, Niger, Upper Volta and Central Africa becasue they received the lenst assistances due to transportation diffculties such as bad roads and often the absemcr of railwayss In this case there was no other way but to use planes to drop foodstiuffs in cities and inhabitated areas. The foodstuffs did not reach the remote and scattered areas. The inhabitants of the desert and villages close to the cities left their homes and immigrated to the cities in search for food. This led to the emergeac of marked unempolyment. This unemployment still exists in Addis Abata Niamey, Zender and Bamaco.

These countries also lost most of their animal husbandry, which represented the majority of the exports of some. In 1973, alone, the lose ranged between 500,000 head of cattle in Ethiopia to most of the animal wealth in Niger.

In view of these grave circumstances, algerian President Houari Boumedinme at the end of the Non-Aligned Conference held in Algiers in December 1973, called for the necessity of holding an interntional conference to examine the problem of food. The UN General Assembly, in December, 1973 agreed to organise a conference for Food to be held in Rome in November 1974

The dissension sown between African and Arab coutries

Major powars today take advantage of these crises and attempt to defame Arab oil producing countries on the one hand and African and developing courtries on the other hand, paiticularly the African countries considering that they all, with few exceptions, supported Egypt and its Jemands after the October War for the necessity of Israeli withdrawal from the territories it occupied in 1967 and condemmed Israel is an aggressive power. The practical interpretatiol interpretation of such support was the mecision by most of the African countries to sever diplomatic relations with Israel. Major powers ranted African cou- ntries to blieve that this was their punishment. This led some African gove- rnments and press to attack the Arab countries saying that they were respo- nsible for the crises. They are passing through new. We should like to discuss how far the Arab countries were responsible for the crisse suffered by some African countries after the October 1973 war.

The Non-Arab African oil-producing countries benefitting from the October War :

If we take the first point, which is that the Arab countries may have benefitted greatly from the October War at the expense of the balances of other countries, including African countries, we should like to point lout that oil-producing countries are not only Arab countries. There are other non--Arab oil producing countries, such as Venezuela, Iran and the Soviet Union, and African countries, for example, Nigeria, Gabon, the People's Republic of the Congo and Angola. The effect of oil exploration in Nigeria began to show in the late fifties and the country began to export oil in a regular manner startin from 1960. Nigeria ' s oil production and exports increased until 1970 when civil war brekeeout in the country. In 1968 there was no oil production or exportation when the oil fields and the pipe line terminals fell into the hands of the Biafra separatists. Life returned to normal and oil production leaped and exceeded 50 million tons in 1970. However, it greatly increased, in 1973, to100 million tons, and, in 1974 to about 114 million tons, giving Nigeria, for the first time in its oil history, the lead, as petroleum productin country, over Libya, and in fact placing it seventh among world producers. Production incressed at a rate of 34 annually from 1969 to 1974 (mainly in 1973 and 1974), that is after the October War.

Production in the other African countries rapidly increased due to the Arab oil embargo and the closure of the Suez Canal as the remaining African oil -producing countries, at the time, were located in West Aftrica, far from the Canal and closer to European and American markets than the Gulf States.

The production of Gabon reached more than a million tons in 1974 compared to 5 million tons in 1970, while Angola's production increased from 5 million tons in 1970 to 9 million tons in 1974, and that of the peopl's Republic of the Congo rose from 365,000 tons to 2.4 million tons during the period.

On the other and production in the Arab countries was considerably reduced, by nearly one half, between 1970 and 1974, though sometimes if remained constant as in Algeria (see Table VI). African producer countries benefitted from oil revenues and sometimes they benefitted more as shown in the table below.

	Government, oil revenues (in US S)	Oil exports (per million barrels)
Libya		
1973	2300	794
1974	7600	547
Extent of change	230.4 +	31.1 —
Nigeria		
1973	2000	715
1974	7000	785
extent of change %	250 +	9.8 +

The fiow of oil revenues was the key to economic development and de endence on this souce increased greatly as seen in the Third Five-Year Development Plan announced by President Takubu Gowon of Nigeria in 1974.

So that the arrow may be diverted towards the advanced countries which attempted to point it at oil producin and Arab countries, in particular, we should like to ask : Some advanced countuies, such as, Japan and West Germany, have achieved a great surplus in their balance with their reliance on raw material and Third World oil in general. Have we hard anyone say that the reason behind the world's econemic problems was exploitation by these advanced countries? Do we know that in 1973 Japan alone had a surpuls which was estimated at about S 19,000 million of gold and foreign currency, followed by West

Germany in this context? Have these figures been published and commented on by anyone? The whole iscue is that those benefitting from the rise in prices of industrial products, fertiliser's and wheat are the advanced countries of Europe, America and Japan, while those benefitting from the oil situation are the developing countries. Therefore, that which is considered right for the dvanced countries is considered wrong for the developing countries. Why should developing countries import food products, fertilisers and manufacture goods at costs double those of oil?

Arab countries require development

Those who publish figures of petrolum revenues seem to froget that petroleum is an exhaustable material, as we mentioned earlier, and that exported countries today will define future oil production to preserve this resource for as possible. It is sufficient to say that the advanced countries in 1973 alone consumed about 30 million barrels per day, that is half of the world's consumption.

Faculty calculations do not take into consideration that the oil countries are developing countries which need to consolidate their economies starting from Saudi Arabia to Iarq, Kuwait, Algeria, Libya, Qatar and Bahrein. For example, Saudi Arabia allocated the sum of S 60 milliard, in 1973, to its Five-Year Development Plan. This sum is subject to change since it increases every year. After the devaluation of the U.S. dollars, the price of the Saudi Arabian Rial has been changed three successive times, a total of 27 %. It is sufficient to say that in the Arab World, there are 200 million feddans which could be cultivated. They require investments. Should these lands be ignored and the Arab countries continue to import wheat, miwe and meat? It is time to set up an industrial base in the oil exporting countries. Why are there so many factories in the advanced countries? Why are there so many factories in the advanced countries? Why should not certain industries be set up such as plastics, artificial textiles, proteins, vitamins, pharmaceuticals and other materials which rely on oil as a raw material in the same countries which procuce oil?

If oil producing countries have sufficient great energy and great eamounts capital, they lack technology at a time when the eneragy crisis became more serious, industrial countries expressed readiness and provide experts. But unfortunately the enthusiasm shown during the crisis cooled down the crisi eased.

The rise in prices of advanced commodities occurred prior to the October War

The fault lies with the advanced countries for more than one reason: the prices of foodstuffs rere on the rise before the increase in oil prices. The prices of industrial products rose before the enrgy crisis botween July 1972 and July 1973, that is before the October War.

The price of wheat doubled and rose once more in the second half of 1973.

The price of sugar quadrupled in less than three years.

The price of frtilisers doubled.

The price of steel increased threedfold while that of coement increased. fourfold

No one said anything about the inflation in the prices of agricultural and industrial materials produced by advanced coutries. Perhaps, the statement made by the Shah of Iran concerning the rise in oil prices was a good answer to their allegations. He told Time magazine (April 1, 1974) that the initial price of the oil barrel from the Gulf states was 2 1/4 in 1947. Then was reduced to 1 .8 and remained at this price until 1969. The advanced world was easqueeng our production in return for very little whereas the price of wheat increased threefold and sysgar by 16 time. Therfore it was necessary to raise the price of oil, so that we, in our turn, obtain our requirements and achieve prosperity for our poemles.»

Where is the assistance of the advanced countries to the African counties before and after the October War?

What astonishes one is man's invasion of the moon in this decade, showing that his scientific and techniacl abilities could overcome any problem produced by nature, while be appears helpless in the face of the misery and poverty thee prevailed in nearly all the world. Advanced countries took advantage of the rise in oil prices to make developing countries, including African countries, which are not oil producers, belive that this rise will aggravate their crisis We do not belivee that. For it is not possible to set different prices for oil one for advanced and another for developing countries. In the light of thc embargo policy, which accompanied the October War, against some countries, it was doubtful that such a policy would have been implemented completly due to the possibility of loading tankers in mid-ocean.

Oil-producer countries are aware that a rise in oil prices could harm developing countries but they find that the responsibility of assistance should have been shouldered by the advanced countries long before. At the various meetings of the UN conference on Trade and Development (UNCTAD), countries have agreed that industrial countries should assign 1 % of their revenue to assisting developing countries. However, this decision was never put into effect. Mr. Robert NcNamara, Governor of the International Bank, at the inaugural session of the Bandk in October, 1974 called upon advanced countries to save the developing countries by increasing their government aid to them. He recalled that the assistances in 1974 reached.

The lowest in the last four years. Dobts to be paid by devloping countries to advanced countries reached $ 80 milliard in addition to $ 9 milliard in interest in 1974. Is there an advanced country that exempts developing countries from paying interest only ? The Marshall Plan was laid down after World War within the framework of a political and miltary alliance between he United States and Europe. The assistancee extended by an industrialised to other industrialised countries reached about 3 % of the total revenue of the US. Its mobilisation and quick usages is evidence that the financial potentialities could be easily secured by industrialised countries when the political will is there.

Oil producing countries are poincers to African countries .

Oil countries, including Arab countries, however, rich they become, are Third World countries and are considered pioneers of those countries producing raw materials. We found in the introduction of the research the degree of the dependnec of African countries on materials. Therefore, there is no country producing and exporting raw materials in Africa or elsewhere, which to some degree or other, does not express admiration for OREC. It succeeded in acheving what Afriecan countries aspired to because it imposed for the first time the price at xhichit wants to sell to the industrial countries. These matetal producing countries including African countries encouraged this mooe io imitate or t follow suit. Whether unions for some raw materials existed bfore the rise in oil prices or appeared afterwards, OPEC is considered a peoneer in this field.

There is a union for cocoa producers (70%of which is African production) and a union for coffee producers 31% of which is African product). Copper producers (25% of world copper is pro duced by Africa) and they are thinking of limiting their production Bauxite (8% of which is produced by Africa) Producers are debating the possibility of laying down a minimum price for bauxite and the Organisation of Peantus Exporting Countries (75% of peanuts are bproduced by Africa). These unions and others of which African countries are members have been encouraged by OPEC to adopt resolutions concerning their production and exportation. It seems there is a trend on the part of oil producing countries to finance. Some projects presented by raw material producing countries to consolidate their position in bargaining with davanced countries.

The rise in oil prices is to the benefit of African raw material producing countries

We should not forget that the rise in oil prices has benefitted African countries in an indirect manner by raising the prices of substitute commodities and which have become a serious competition to these materials. This is obvious in many ways. In respect to cotton (Africa produces 25% of the world cotton and 70% of long staple cotton) it now challenges arificial fibres derived from oil. World consumption of artificial fibres in 1968 reched 47% of the total amount of fibres offered compared to 27% in 1958. These fibres were used for wash and wear clothes which saved both time and expense for the consumer. Fibres replaced coton in other uses such as car tieres, parachutes fishing nets and knit-wear. Fine materials made of pure cotton have come to face competition with artificial latex products by 100% such as Quana which is a new kind of silk material produced by Dupont. The prices of pelyster fibres have become very close to te prices of cottion particulary if we take into consideration the waste in the cotton industry. There is no doubt that the increease in oil prices would consequently lead to an increase in the price of its derivatives cometing with materials and make it possible to return to plant materials ocne more.

The same can be said about polyproyplene and its competition with sisal (66% of whih is produced by Africa) from which ship ropes and bales are manufactured. Ropes made of polyproyylene are more durable than those made of sisal and the price factor could defied its consumption.

Strategy of Arab States towards African countries

The Arab states became aware of the imperialist strategy which attempts to lay the blame on the oil producing countries particulary the Arab countries and sow the seeds of doubt and suspicion between Arab and African countries. The Arab Summit Canterence was held in Algiers in November, 1973, to consob lidate Arof-Arab solidarigty. So that the African countries feel that the Arab countries have not forgotten them and that the Africans did not forget the Arab brothers, the conference approved the oil embargo on Portugal, Rhodesia and South Africa considering that they were countries standing against African liberation. The Arab Summit also approved setting up an Afro-Arab Fund with a capital of S 100 million which was later incerased to S 200 million to assist the Afrcian countries facing economic difficulties due to the incresase in oil prices. An organisation of African Unity Committee placed four other economic factors to raise the share of the African countries, these were : drought, confined ladlocked countries, these countries whose export prices did not increase much, and those countries whose per capita income was very low.

At the end of 1974, the oil Assistance Fund allocated 50 million to 16 African countries. Although the interest was 1% at the beginning. this note was cancelled in November 1974 on the basis that payment would begin after 10 yers. The loan would be distributed in instalments spread over a period of 10 to 25 years.

Another Arab Bank for African Agricultural and Industrial Development was set up in khartoum in january 1974 with an initial capital of S 195 million. This was increaseed, starting from November 1974, to S 231 million. Then there was the project of an Arab Fund to grant technical assistance to the African cuntries. A sum of S 15 million was aleocated to this Fund. The Secretaɹy General of the League of Arab States called for the increase of this sum to S 50 million.

African countries began to ask for assistance from the United Nations. An Emergency Fund was set up to offer assistance to Third World countries affected by the oil embargo. The International Monetary Fund distributed 656 million among 21 African states at the end of 1974.

African countries requested OPEC to adopt a policy of a dual prices, in the sense that the Organisation would sell oil to the African countries at a reduced and special price and sell to other countries at a higher price. Howe ver, the idea was not accepted for it would have been immpossible to control this measure. It is sufficient to see what happened during the oil embarog. The OAPEC decided that there was about 3 .5 million tons of Arab oil which were sneaked to the United States between October 17, 1973 and the end of December of the same year. Such an action is possible to a certain degree because it is poasible to unload oil between tankers in the high seas.

REFERENCES

1. "AFRICA", An international business economic and political monthly, London, September, 1975, March 1974, February, 1974.
2. COLIN LEGUN, "Africa Contemporary Record" London 1790—1973.
3. EUROPA YEARBOOK, "Africa : South of the Sahara". London 1973—1974.
4. HOYLE B.S. HILLING, D. "Seaports and, Developments in Tropical Africa" London, 1970.
5. THOMAS, A. MARKS "Djibouti," African Affairs, Vol. 73, N. 290 1974, p.p. 95—105.
6. UN.ECA, Association of African Central Banks, Addis Ababa, 5—16.

   Auguast, 1974, "Impact of the Energy Crisis onTrade and Development of African countries.
7. UN, Encoomic, Social Survey, for Africa, 1970—1974.
8. UN., ECA, Statistical Yearbook, Prats 2,3,4 1972, 1973.
9. Dr. MOHAMMED ABDEL GHANI SEOUDI : African Economy and International Trade, Cairo, 1973.
10. Dr. MOHAMMED ABDEL GHANI SEOUDI : The Arab Nation, Cairo 1975