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EDRP No.27
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14.4.64.THE AGRICULTURAL EXPORTS OF EAST AFRICA.

From the point of view of economic planning the importance of export earnings is that the imports of the capital equipment required for economic development is dependent on the value of exports in the absence of large foreign exchange reserves or foreign aid. In these circumstances a shortage of foreign exchange arising out of a fall in export values can force developing country to adopt measures which are designed to preserve foreign exchange by restricting imports of consumer goods which are considered luxuries. The second aspect of exports of interest to planning is that for developing countries a large proportion of their national income in the monetary sector is derived from exports and therefore the level of domestic demand which is a crucial variable for planning purposes is dependent on exports. It becomes important in this connection, therefore, to analyse carefully the major constituent elements on the export list. The present note is an attempt to look at the contribution of agricultural exports to the export earnings of East Africa.

For the purposes of this exercise twelve major crops were chosen to represent agricultural exports. These were selected either because they represented large export values or because they showed prospects of becoming important export crops in the future as a way of diversifying East Africa's exports. Statistics were then compiled to show: (1) the average value of each of these commodities for the period 1960-62, (2) the importance of each commodity to the export earnings of East Africa as a whole, (3) the importance of each of these commodities in the export situation of each country, (4) the importance of each country as an exporter of particular commodities, (5) and lastly the average value for all these commodities for this period was expressed as a percentage of their gross domestic product (monetary sector). The crops chosen are Cotton, Sisal, Arabica Coffee, Robusta Coffee, Tea, and Meat preparations, Hides and Skins, Pyrethrum (flowers and extract) Cashew nuts, Groundnuts (peanuts), Wattle bark and extract, and unmilled maize.

From table I it is apparent that more than three-quarters of East Africa's exports was contributed by these twelve commodities. The relative importance of each commodity is shown in table 2. Cotton, Sisal and Coffee comprised nearly 60% of East Africa's export earnings with cotton contributing about 17%. (If Arabica and Robusta Coffee are added together, Coffee becomes the most important earner of foreign exchange, contributing 27% to East Africa's export value). This brings out the dependence of East Africa on the export of only a few agricultural commodities which is a characteristic of developing countries. But even here the degree of dependence differs from country to country. For instance for Uganda 43% of her export earnings were from coffee and 33.7% from cotton. Thus coffee and cotton constitute nearly 80% of Uganda's export earnings. In this sense Uganda is perhaps the most dependent of the three East African countries, and in fact over this period the contribution to her exports from these twelve commodities was of the order of 84.9% which is the highest of the three countries. The comparative figures were for Kenya 78.5%, and Tanganyika 74.0%

For Tanganyika, sisal is by far the most important earner of foreign exchange (29% of total export earnings) followed by cotton (nearly 15%, then Arabica Coffee (12.3%). But in addition she exports some other commodities such as Cashew Nuts (4%). Kenya is also heavily dependent on coffee exports (28.8% of her exports by value), but her exports of tea (12.5%), sisal (12.1%), and pyrethrum (8.5%) provide some diversification to her agricultural exports. Like Tanganyika her exports of meat and Meat Preparations (6.4%) and Hides and Skins (4.3%) are also sizeable.

If anything it would appear that Uganda is the most dependent of the three countries on only a few agricultural exports although the total value of her exports is higher than that for Kenya. This largely accounts for the large fall in Uganda's exports proceeds prior to 1963 when the price of coffee was falling, and the effect on her was much greater than in the other two countries. Conversely, the recent favourable upturn in coffee prices is responsible in large measure for the £14 million increase in her exports proceeds. Tanganyika's and Kenya's agricultural exports do have some degree of diversification even if this is only relative. As far as total exports go Tanganyika is the biggest exporter: over this period her exports accounted for 40.6% of the average value of East Africa's exports; Uganda's 31%, and Kenya's 28.4%.

Table IV compares by value of exports the contribution of each country to the exports of different commodities. (In a later study it will be possible to compare the quantities and prices of exports for the three countries). During the period under review Uganda, on the average exported about three-fifths of East Africa's raw cotton and virtually all the Robusta Coffee (96.6% of the region's total exports of Robusta coffee). Kenya exports almost all East Africa's pyrethrum (97.3%), dominates in Tea (60%), Arabica Coffee (54.3%), Wattle Bark Extract (67.1%) and Meat and Meat Preparations (51.9%). Her exports of maize (unmilled) fluctuate a lot, having been valued at £4,000 in 1961 and £1,012,000 in 1962. The export of such a staple foodstuff of course depends to a large extent on the food situation within the country itself. But overall she is the biggest exporter of unmilled maize over the period 1960-62. Tanganyika is the biggest exporter of cashew nuts (89.4% of East Africa's export value) and sisal (77.4%).

Table V sets out the relationship between exports and the monetary gross domestic product of each country. It will be found that Kenya has the lowest percentage of total exports to monetary G.D.P. (20%), while Tanganyika has the highest percentage (45%) over this three-year period. Uganda with 36% is somewhere in between. The method and accuracy of estimating the monetary gross domestic product inevitably affects the results but probably not the general picture - namely that Kenya is the least dependent on exports either.

Besides the commodities considered here it might be of interest to look at the other items on the export list. Over this period the only other significant commodities exported in terms of value were: Kenya, Sodium Carbonate (Soda Ash) on the average valued at £1.4 million or 3.8% of the value of her total exports for the period. Uganda had only copper alloys valued at £3.4 million on the average constituting 8.7% of the total value of her exports. As for Tanganyika two other commodities were important: diamonds and gold valued at an average value of £5,276,000 and £1,250,000 respectively; or 10.2% and 2.4% of total value of Tanganyika's exports for this period. Again these are primary commodities though not agricultural.

Conclusion. The statistics relating to the export trade of East Africa show that these countries are dependent on the export of a few major agricultural commodities, the degree of dependence varying from country to country; with Uganda being the most dependent while Kenya and Tanganyika are relatively a little better diversified.

Since exports are a high percentage of their monetary gross domestic product, it so happens that the level of domestic demand is to this extent dependent on the export of these major agricultural commodities, with all that which this implies for development planning strategy.

TABLE 1.

East Africa's Export Trade 1960-62.

Year	Total Domestic Exports.	Agricultural Exports (a)	As % of Total Exports
	£'000	£'000	
1960	131,602	103,853	78.9%
1961	123,188	96,118	78.0%
1962	126,789	100,137	79.0%
Average 1960-62	127,193	100,036	78.7%

Source: Annual Trade Reports, Kenya, Uganda and Tanganyika.

Notes: (a) As defined in the text agricultural exports consists of 12 major agricultural commodities exported for from East Africa.

TABLE II.
EAST AFRICA
Agricultural Exports by Commodity 1960-62.

<u>Commodity.</u>	<u>Average value, 1960-62</u>	<u>As % Total Domestic Exports.</u>
	£'000	
1. Cotton	21,609	17.0%
2. Sisal Fibre, Flum & Ton	19,472	15.3
3. Arabica Coffee	19,167	15.1
4. Robusta Coffee	15,080	11.9
5. Tea	7,542	5.9
6. Meat & Meat Preparations	4,419	3.5
7. Hides & Skins	4,309	3.4
8. Pyrethrum (flowers & Extract)	3,173	2.5
9. Cashew Nuts	2,335	1.8
10. Groundnuts	1,129	0.9
11. Wattle Bark Extract	1,103	0.9
12. Maize Unmilled	698	0.5
Total:	<u>100,036</u>	<u>78.7%</u>

Source: Annual Trade Reports.

TABLE III.

Commodity Exports within Individual Countries 1960-62.

Average value 1960-62.

COMMODITY	K E N Y A		U G A N D A		T A N G A N Y I K A	
	value in £'000	As % of Total Export.	Value £'000	As % of Total Export	Value £'000	As % of Total Export
1. Cotton	635	1.8	13,302	33.7	7,671	14.9
2. Sisal	4,360	12.1	44	0.1	15,068	29.0
3. Arabica Coffee	10,416	28.8	2,399	6.1	6,352	12.3
4. Robusta Coffee	-	-	14,564	36.9	516	1.0
5. Tea	4,535	12.5	1,641	4.2	1,363	2.6
6. Meat & Meat Preparations	2,295	6.4	5	neg.	2,118	4.1
7. Hides & Skins	1,568	4.3	1,046	2.6	1,695	3.3
8. Pyrethrum	3,088	8.5	-	-	85	0.2
9. Cashew Nuts	247	0.7	-	-	2,089	4.0
10. Groundnuts	91	0.3	479	1.2	560	1.1
11. Wattle Bark Extract	740	2.0	-	-	363	0.7
12. Maize Unmilled	398	1.1	31	0.1	269	0.5
Total:	28,373	78.5	33,511	84.9	38,149	74.0

Source: Annual Trade Reports.

TABLE IV

Territorial Distribution of Commodity Exports 1960-62.

Commodity	Average Value 1960-62 (£'000)			Percentage Distribution		
	Kenya	Uganda	Tanganyika	K.	U.	T.
1. Cotton	635	13,302	7,671	2.9	61.6	35.5
2. Sisal, fibre etc.	4,360	44	15,068	22.4	0.2	77.4
3. Arabic Coffee	10,416	2,399	6,352	54.3	12.5	33.1
4. Robusta Coffee	-	14,564	516	-	96.6	3.4
5. Tea	4,535	1,641	1,363	60.0	21.8	18.1
6. Meat & Meat Prep.	2,295	5	2,118	51.9	0.2	47.9
7. Hides & Skins	1,568	1,046	1,695	36.4	24.3	39.3
8. Pyrethrum	3,088	-	85	97.3	-	2.7
9. Cashew Nuts	247	-	2,089	10.6	-	89.4
10. Groundnuts	91	479	560	8.2	43.4	47.9
11. Wattle Bark Extract	740	-	363	67.1	-	32.9
12. Maize Unmilled	398	31	269	57.0	4.5	38.5
Total:	28,373	33,511	38,149	28.4	31.0	40.6

Source: Annual Trade Reports.

