1. Ivory Coast occupies an area of 322,000 square kilometres bordering the Gulf of Guinea, with Liberia and Guinea to the west, Mali to the north, Upper Volta to the north-east and Ghana to the east. It comprises three natural regions: a forest zone in the south along the coast, a central zone where the gallery forest gradually gives way to savana, and the Sudan zone in the north where grass savana leaves but little room for high forest.

2. The indigenous population comprises close to 3,300,000 inhabitants, to whom should be added some 12,000 expatriates, mainly French. The urban population is about one tenth of the total; the two principal cities are Abidjan (220,000 inhabitants) and Bouaké (45,000 inhabitants). The active population is estimated at 1,700,000 persons, of whom nine tenths work on the land. There are 153,000 wage-earners in the private sector, including 80,000 agricultural wage-earners, and 28,000 employees in the public services.

3. In 1960, gross domestic product was estimated at $540 million, household consumption at $400 million and gross investment at $80 million. Agriculture accounted for 60 per cent of the domestic product, and industry (including construction) for 13 per cent.

4. The overall budget for public services in 1960 amounted to about $150 million, of which $100 million was derived from fiscal revenue and $20 million from transfers by the FEDOM and the French Government. Gross fixed capital formation by the public sector amounted to about $40 million. Import duties accounted for $50 million of fiscal revenue and export duties for $22 million. The average export duty was $90 per ton on coffee and cocoa, $9 per ton on bananas and $3 per ton on timber.

5. Foreign trade plays an important role in the economy of Ivory Coast. In 1960 imports amounted to $135 million, representing about one quarter of gross domestic expenditure. The total value of exports was $175 million. Of this the principal export products - coffee, cocoa, wood and bananas - accounted respectively for 46 per cent, 20 per cent, 15 per cent and 5 per cent.
6. A co-operation agreement between Ivory Coast and France reached in 1961 governs the economic and monetary relations between the two countries. It provides in particular that "the Republic of Ivory Coast shall make the general exchange regulations of the French franc area applicable on its territory". Ivory Coast and France "agree to maintain, for a renewable period of five years, their trade relations within the framework of a reciprocal preferential system". This preferential system entails in particular "privileged access, afforded by both parties for the principal products and goods, in particular in the form of quotas and of guaranteed prices", free movement of goods and duty-free entry, the "co-ordination of trade policies vis-à-vis third countries", and protection for the industries of Ivory Coast. France shall "for a period of five years in the first instance, continue to furnish aid and assistance to the Republic of Ivory Coast towards its social and economic development and the operation of its public services. The help of the French Republic will take the form inter alia of the carrying out of studies, the pursuit of research, the supplying of equipment, the provision of experts and technicians, the granting of financial aid and the training of personnel". Furthermore, "the Republic of Ivory Coast intends to maintain its association with the European Economic Community in a form to be determined jointly with the competent authorities of this Community".

7. The Ivory Coast Government has just drawn up ten-year Prospects for economic development over the period 1960-1970. On the basis of a study of production development possibilities in the various sectors of the economy, the rate of growth would be of the order of 7 per cent per annum. In particular, provision is made for diversification of agricultural production and a higher degree of processing of products intended for export. Provision is also made for the development of industrial activities which would enable certain imports to be replaced by domestic products. It should be mentioned that the purpose of the document setting forth the ten-year Prospects is to define, in broad outline, the projects which would permit rapid economic development and provide a basic structure for the work of the "planning commissions" which will establish more detailed programmes at a later stage.

I. Projected Trends in Exports of Tropical Products and Probable Effects on Ivory Coast's Export Earnings of a General Removal of Import Barriers on these Products

8. The ten-year Prospects give detailed information concerning the possibilities for producing and disposing of the tropical products traditionally exported by Ivory Coast. These estimates are made in the context of privileged access for Ivory Coast products to certain European markets.

9. Under the recently concluded International Coffee Agreement, Ivory Coast has been assigned an export quota of 138,000 tons, corresponding approximately to the volume of exports in 1961, and the Prospects envisage that production would continue at about the level of that quota. This would be achieved by
reducing the acreage under coffee and at the same time improving cultivation methods and yield. The Prospects are based on the average price obtained in 1961 by Ivory Coast for its overall exports, i.e. $530 per ton. However, whereas exports to the French franc area were at a price of about $600 per ton, those to non-sheltered markets, in particular the United States market, were at an average price of about $360 per ton. In view of the fact that world prices rose noticeably in 1962, it would seem appropriate, assuming an abolition of the preferential systems, to take a price in the region of $400 per ton for overall exports by Ivory Coast. A "voluntarily ambitious" programme for planting oil palms is under consideration in order to make use of land made available by the reduction of coffee plantations. In the long term, this programme would enable Ivory Coast to become an exporter of vegetable oils: the exportable quantity of palm oil and palm kernel oil would still be negligible in 1965 but would reach 30,000 tons towards 1970 and nearly 200,000 tons in 1975.

10. According to the Prospects, cocoa exports by Ivory Coast might rise at a rate in the region of 4 per cent per annum in the next few years, increasing from 84,000 tons in 1960 to 130,000 tons in 1970. These targets seem to tally with the conclusions of the secretariat note on cocoa which indicated a rise in world consumption at an annual rate of between 3 and 4.5 per cent. The unit price obtained by Ivory Coast in 1961, on which the estimates of export earnings are based, was $450 per ton, which was close to the price obtained by the other exporting countries. It may be noted, however, that cocoa prices tended to decline in 1962 and consequently the price used in the Prospects may be slightly too high.

11. Exports of timber showed a marked increase between 1960 and 1961, but the Prospects envisage that such exports will continue at the level reached in 1961. The prices obtained by Ivory Coast for such exports are close to world prices and, taking account of the development of world demand, it does not seem that the removal of import barriers on tropical woods would result in any marked reduction in Ivory Coast’s export possibilities.

12. Banana exports by Ivory Coast rose rapidly during the 1950’s, particularly those to France and Italy. The Prospects provide for a further increase of about 80 per cent in the volume of exports between 1960 and 1970, and for the continuation in 1970 of the average price obtained in 1960, namely $105 per ton. If import barriers against bananas were eliminated it seems unlikely that the rate of growth of Ivory Coast’s exports could easily exceed 3 per cent per annum which is the probable rate of growth of world exports, even if it were able to export at prices in the region of those obtained by the Latin American countries.
13. In 1960, the trade balance showed a surplus of about $40 million and the ten-year Prospects consider that this surplus must be maintained for the balance of payments to be assured. However, having regard to the differences recorded between the prices obtained by Ivory Coast and world prices for coffee and bananas on the one hand, and to the less encouraging outlook for the banana market on the other hand, it would seem that in the event of the elimination of preferences and import barriers, Ivory Coast’s export earnings would grow less rapidly in coming years than has been foreseen in the ten-year Prospects. The difference would be of the order of $25 to 30 million in 1965 as well as in 1970. However, having regard to the fact that diversification of Ivory Coast’s exports will be actively encouraged during the 1960’s, this difference, which represents 12 per cent of total export estimates for 1965, would represent only 9 per cent for 1970. If, in the absence of compensatory measures, imports were to fall to a corresponding degree, the general rate of economic growth would also decline noticeably, particularly in the next few years.

14. As was indicated earlier, taxes levied on exports account for 15 per cent of total public revenue. A reduction in the prices of export commodities might induce the Government to modify the present fiscal system, inasmuch as it might decide to reduce or abolish the taxes levied on these products at present, so as to maintain prices paid to producers at the highest level possible. Such fiscal modifications may however present difficulties, as the administrative infrastructure of the country may not be adequate to allow for a systematic recourse to direct fiscal measures to be envisaged. However, to the extent that a reduction in traditional export receipts might be compensated by a growth in other lines of production or by an additional inflow of foreign capital, it would seem that these new resources might contribute to the change in the fiscal system.

II. Development Possibilities for Agricultural and Industrial Production

15. In order to examine the extent to which a drop in export earnings could be offset by the development of new activities, the various projects examined in the ten-year Prospects are reviewed in the following paragraphs. The Prospects consider not only projects which have already been studied and can be carried out in the near future, but also those which, although they have not yet been studied in detail, are considered as being capable of achievement from the economic and technical point of view. The general purpose of the measures envisaged is twofold: diversification of agriculture and an improvement in the returns from exported agricultural products, and also progressive replacement of imports of finished industrial products by domestic products.
(i) Production for export

16. The Prospects indicate that the world market for natural or preserved tunny-fish is far from being saturated. The western shores of Africa are rich in fish and it seems possible that by 1965 Ivory Coast could produce and export 25,000 tons of tunny-fish of a value of $10 million and by 1970, 40,000 tons of a value of $16 million. It should, however, be noted that other West African countries are also considering establishing or developing a tunny-fish canning industry and that the simultaneous carrying out of these various plans pre-supposes a rapid expansion of consumer markets in the developed countries. A soluble coffee factory has just gone into production and it is estimated that the additional exports which it might provide would be in the neighbourhood of $10 million. Likewise, a cocoa butter extraction plant is to be constructed shortly. This processing plant, which would have the advantage of using mainly cocoa beans which are inexportable or of a low quality, will provide an estimated increase in exports of $10 million. Provision has also been made for other less important manufactures such as the preparation of banana pulp, pineapple juice, and tinned pineapple.

17. More than half the total area of Ivory Coast is covered by forest and it is expected that this could be worked more extensively in coming years. The development of wood-processing industries is envisaged (sawn wood, cases and packing cases, joinery and furniture, etc.); the output would be intended principally for domestic consumption and would expand threefold over a period of ten years, to reach a value of $25 million in 1970. In addition, studies will be undertaken with a view to perfecting production techniques for pulp of tropical woods and, according to the Prospects, it might be possible towards the end of the ten-year period to install factories producing 150,000 tons of pulp, part of which would be turned into paper and paperboard; almost the whole of this output would be exported to a value of $28 million.

(ii) Production intended to replace imports

18. In 1961 imports into Ivory Coast amounted to $190 million, of which $35 million were accounted for by textile and leather goods, $45 million by foodstuffs and $8 million by petroleum products. The Prospects call for the development of national industries with a view to replacing part of these imports by products produced domestically.

19. In 1961, consumption of textile products and leather goods amounted to approximately $45 million (at c.i.f. prices) of which only one fifth was supplied by domestic industry. The ten-year Prospects call for a rapid increase in production. However, as it is not possible to produce in Ivory Coast all the varieties of fabrics and clothing required by consumers, it is envisaged that the value of domestic production might reach $35 million in 1965 and $65 million in 1970, while imports would remain stable.
20. Among imported foodstuffs, mention may be made of meat and dairy products, cereals, and sugar, imports of which amounted respectively to $15 million, $10 million, and $5 million in 1961. Cattle, sheep and goats are not very numerous in Ivory Coast and their yield is low, with the result that meat and dairy products are largely imported. There is potentially heavy demand and provision is made for expanding production, in particular production of poultry and eggs which, although low at present, could reach $20 million by 1970. Consumption of cereals might rise by 50 per cent during the 1960's and it is envisaged that national production will cover almost the whole of this increase, in particular due to the introduction of irrigated rice cultivation, and in 1970 imports might still be at a level close to that reached in 1961. Ivory Coast's sugar requirements, which currently amount to 17,000 tons, are expected to rise to 47,000 tons by 1970. Although technical studies on the possibility of introducing sugar-cane cultivation in Ivory Coast are as yet somewhat inconclusive, the Prospects consider that towards the end of the ten-year period it might be possible to produce about 25,000 tons of sugar.

21. The engineering industries are at present but little developed and provision has been made for their output (added value) to rise from $7 million in 1960 to more than $30 million in 1970. Among the projects under consideration mention may be made of an automobile assembly plant, of assembly plants for bicycles and motorcycles, assembly or production plants for household and office equipment (refrigerators, air-conditioners, metal furniture, etc.) and factories producing hand-tools or capital goods.

22. A petroleum refinery, with a capacity of 700,000 tons is to be installed shortly. It will process imported raw materials, unless current petroleum prospecting operations lead to the discovery of deposits suitable for extraction. A factory for the production of nitrate and phosphate fertilizers will be annexed to the refinery and is expected to meet the requirements of Ivory Coast towards 1970; these requirements are estimated as being 11,500 tons of nitrogen and 10,000 tons of phosphoric anhydride.

23. Other projects included in the ten-year Prospects include a mill for the processing of imported cereals, a cement factory using imported clinker, and a tyre and inner-tube factory. This factory would process rubber produced by plantations established between 1953 and 1961; when these plantations reach their full yield, i.e. from 1970 on, the quantity of rubber available would be 12,000 tons per year.

III. Conclusions

24. If exports of tropical products develop as indicated at the beginning of this note, i.e. if during the 1960's their value was about $30 million lower than that estimated in the Prospects, the balance of payments of Ivory Coast would tend to be impaired. There are a number of factors which might, at least partially, offset this disequilibrium and make it possible to avoid reducing imports of capital goods needed for general economic development.
25. The co-operation agreement concluded between Ivory Coast and France requires Ivory Coast to grant privileged treatment to imports originating in the French franc area.

26. This question is outside the scope of these country studies by the secretariat, but any final analysis of gains and losses that would result from such an important development as the disappearance of sheltered markets would have to take into account the possibility of other changes in economic, fiscal and commercial policies.

27. Exports from Ivory Coast to West African countries at present amount to about $15 million, i.e. 8 per cent of total exports. In addition, a large part of imports going to Upper Volta and, since 1961, Mali, cross Ivory Coast in transit. In the ten-year Prospects, deliberately prudent assumptions have been made as to the level of exports of industrial products manufactured in Ivory Coast which might be taken up by neighbouring countries in coming years. Although industrial activity as a whole is expected to develop rapidly, since the added value of industrial products is expected to rise from $45 million in 1960 to $225 million in 1970, it would seem that a strengthening of economic links with neighbouring countries could permit a still more rapid development of this activity.¹ Earnings derived from increased exports to these countries could then compensate, at least partially, the drop in the value of traditional exports to the developed countries.

28. The study of the projects included in the ten-year Prospects shows that diversification of agricultural production will be undertaken during the 1960's and that many industrial activities can be developed. Some of the projects included have not, however, been studied in detail yet² and it would be hazardous to envisage their being undertaken more rapidly than provided for in the Prospects before the necessary technical studies have been carried out. It may also be mentioned that any rise in agricultural or manufacturing output beyond the levels foreseen in the Prospects would be followed by a series of repercussions throughout the economy. In particular, an increase in agricultural or manufacturing output would entail an increase in services of the same order of magnitude and furthermore the additional output would contain a certain proportion of additional imported materials. Increased production would also necessitate additional investments. The relationships between the level of production and changes in foreign trade and between investment and output are therefore neither direct nor simple.

¹ It should however be noted that the heads of undertakings and the technical and managerial staff of private industry are largely non-indigenous. Despite efforts made by the Government to make up for the shortage of local managerial personnel, it is to be feared that this factor may be such as to limit industrial growth over the next few years.

² This is the case in particular for the project for producing pulp and paper which depends on the perfecting of an adequate manufacturing process. Likewise, the development of oil palm plantations could probably be undertaken on a large scale only if cost prices were sufficiently competitive so that Ivory Coast could consider entering the world market for tropical oilseeds in favourable conditions, because competition is already keen on this market and might become still more so in the next few years.