GHANA-ARAB ECONOMIC CO-OPERATION 1975 - 1984

By

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I. FROM NORTH-SOUTH TO SOUTH-SOUTH: GENERAL INTRODUCTION

1. Introduction

The struggle for a New International Economic Order is the direct response of the developing countries to the inherent inequalities of the old international economic order. The old order which is substantially colonially derived has for a long time operated to the disadvantage of the majority of the world's countries and peoples and to the advantage of a very few. The characteristic features of this old order may be briefly summed up as follows. First, over one hundred countries of the Third World are dependent on a handful of industrialized and developed capitalist countries in trade, finance and investments. Second, this dependence has entailed for these Third World countries considerable economic loss in the form of profit transfer by companies of the advanced countries and through unequal exchange, trade protectionism and crippling debt burdens. Third, this dependence has not only perpetuated backwardness but also stagnation and decline. For the majority of the world's peoples living standards have dropped in real terms.

2. History

The emergence of the struggle for a New International Economic Order would have been impossible without some of the very important political changes that have occurred since the end of World War II. These changes include not only the emergence of many politically independent countries that now constitute the Third World but also the increasing political and economic might of the world socialist system which is now an important factor in the world's political balance of forces. This has emboldened the Third World Countries in their struggle to restructure the old world order, even though the unity of purpose of the Third World countries themselves has been seriously impaired by political, ideological and other differences.

The struggle of the Third World countries for a New International Economic Order in the present character and form began in the 1970's. The first signs of this struggle appeared in 1972 when the Third UNCTAD Session created a Commission to draw up the Charter of the Economic Rights and Duties of States which was approved by the vast majority of delegates at the December 1974 Session of the U.N. General Assembly. The Western Countries USA, Great Britain, Federal Republic of Germany, Denmark, Belgium and Luxembourg voted against it. The decisive point in this struggle was reached in 1974 when the Sixth Special Session of the General Assembly adopted the Declaration on the Establishment of a New International Economic Order. Since then several important decisions have been taken by the Seventh Special Session of the U.N. General Assembly, UNCTAD Sessions and Non-Aligned Movement Summits.

The new order desired by the Third World is one in which fair prices in real terms will be paid for their exported raw materials and indexation accepted and introduced. Prices of third world exports will be adjusted in accordance with inflation in the West and Third World exports will be given free and unrestricted access to Western markets. Another component of the desired new order will be a restructuring of the World monetary system to increase the developing countries' participation in the decision making councils of the IMF, IBRD and the IDA. Finally the developing countries would desire to see the development of their industries in order to cease being forever the raw materials producers of the world and exercise full control over their natural resources (1).

3. Underpinnings

The case for a North-South dialogue to discuss a New International Economic Order rests on the assumption that both the North and the South belong to one world community the survival of which is the concern of all. As the Brandt Commission noted:

> "mankind is becoming a new single community. What is required therefore is to create a new type of relationship which could accommodate all nations, through a serious exchange of views" (2).

Nothing so far seems to have been achieved through North-South dialogue. The Cancun Conference of 1981 turned out to be a lecture on how the developing countries should order their affairs and not a genuine dialogue for a reform of the international order. No wonder therefore that the Brandt Commission was compelled to admit in 1983 that:

> "The international community has made little headway in tackling its most serious problems which began in the strained system of international economic relations and result in additional burdens on many developing countries" (3).

4. South-South Co-Operation

The failure of North-South co-operation and the resistance to the creation of a New International Economic Order has made it necessary that the developing countries come together to solve their own problems. Hence, South-South co-operation. The diametrically opposed conceptions of South-South co-operation are current in the literature. There is first of all the conventional viewpoint typified by the Brandt Commission (1983), according to which South-South co-operation is 'co-operation between developing countries in the areas of finance, trade, food and energy' (4). According to this conception the aim of South-South co-operation is to 'induce greater progress in negotiations with the North and encourage the North to agree to the further development of the world Bank and the IMF' (5). This South-South co-operation is not mutually exclusive with North-South co-operation. It is proposed to be 'a complement rather than an alternative to North-South co-operation' (6). It is obvious therefore that this reformist conception implies a considerable hope for changing the old order along old lines.

On the contrary the radical conception of south-South co-operation calls for 'South-South co-operation in various ways on the principle of collective self-reliance and meeting of each other's needs' (7). Technical co-operation is an essential part of it. The aim is not only to enable the developing countries overcome their economic difficulties but also attain economic independence and establish a New International economic Order. The key principle is that the developing countries, by filling each other's needs can build an independent national eocnomy and achieve prosperity without help from the great powers. South-south co-operation is therefore an alternative rather than a complement to North-South co-operation and is expected to accelerate the emergence of a new world economic order (8).

5. Afro-Arab and South-South Co-Operation

The need for an Afro-Arab co-operation became intensely felt in the 1970's as a result of two main economic circumstances. First, the oil price increases of 1973/74 and 1978 placed in the hands of Arab countries unprecedented fortunes. The other circumstance, to a very limited extent connected with the first, was the rapid decline and stagnation of African economies. The economic scene in Africa in the 1970's was characterized by a crisis as unprecedented as the newly acquired Arab wealth. This crisis was vividly portrayed in a World Bank report:

> "...for most African countries and for a majority of African population, the record is grim and it is no exaggeration to talk of crisis. Slow overall economic growth, sluggish agricultural performance coupled with rapid rates of population increase and balance of payments and fiscal crisis - these are dramatic indicators of economic trouble.
>
> Between 1960 and 1979, per capita income in 19 countries grew by less than 1 per cent per year, while during the last decade 15 countries recorded a negative rate of growth of income per capita. And by the end of the 1970's economic crises were battering even high-growth countries like Kenya, Malawi and Ivory Coast - where per capita GNP growth had averaged an annual 2.7 per cent between 1960 and 1979" (9).

The enormity of this crisis led a World Bank team to recommend a doubling of foreign aid in real terms from $4.9 billion to $9.1 billion by the end of the 1980's (but at current prices from $4.9 billion to $17.8 billions) (10). It is suggested that south-South co-operation in a concrete Afro-Arab manifestation would be greatly enhanced if Arab countries with their tremendous wealth would increase their aid to Sub-Saharan Africa, trade more with her and increase their investments in African economies. At the same time there is need for a thorough revision of the rationale and principles behind each of these forms of economic relations with a view to determining the precise role each must play in increasing effective Afro-Arab co-operation as a shining example of South-South Co-operation.

6. Ghana-Arab Co-Operation

Ghana, like any other country in Sub-Saharan Africa stands to gain from greater Afro-Arab Co-operation to which she can also make immense contribution by reason of her vast natural endowments. The oil price increases of 1973 and 1978 had a telling effect on the Ghanaian economy. Fuel imports by Ghana came to constitute a significant proportion of the value of Ghana's imports. Even in spite of considerable adjustment efforts with regard to consumption of petroleum products the cost of fuel imports continued to claim a higher and higher percentage of the country's import expenditures. This was tersely stated by the Government Statistician:

> "Though the quantity of crude oil imports recorded minor fluctuations during recent years, the general trend was slightly downward. Despite that, the foreign exchange expenditure in 1980 was two and a half times that of 1976" (11).

The table below shows Ghana's expenditures on crude oil imports over a ten-year period 1975-84.

Ghana's Imports of Crude Oil (1975-84)

Year	Quantity/Metric	Value $ million
1975	1.24 million	115.3
1976	1.16 "	115.8
1977	1.22 "	129.7
1978	1.18 "	119.4
1979	1.11 "	112.5
1980	1.03 "	289.2
1981	- "	
1982	1.101"	301,967,717.42
1983	481,922.086	118,162,060.57
1984	860,087,415	194,977,032.67

Source: (Ghana Economic Survey 1977-1980 (p. 272) and Ghana National Petroleum Corporation Offices)

Largely because of these crude price increase Ghana's mineral fuel imports came to constitute a significant proportion of her import expenditures - 11.9% in 1974; 16.6% in 1975; 14.9% in 1976; 17.3% in 1977 and 3.7% in 1978.

Clearly then oil price increases have been a contributory factor in Ghana's economic troubles. The resulting foreign exchange shortage had by the end of the decade combined with gross inadequacies in Government economic policy and the world economic recession to cause stagnation and decline in the Ghanaian economy. In cocoa production where Ghana was for a long time a world leader, the country fell behind the Ivory Coast and Brazil. Mineral and timber production, the next most important foreign exchange earner for Ghana, similarly dropped. By the end of the year Ghana's industries could, on the average only operate at 25.5% of their installed capacity. Huge budgetary deficits and balance of payments crisis followed. The Ghanaian economy was in shambles. Now, some kind of recovery is on the horizon. It is our contention however that greater economic co-operation between Ghana and the rich Arab countries could stem the tide of such decline and lay the basis for a brighter and more secure future co-prosperity.

II. GHANA-ARAB CO-OPERATION HISTORICAL ROOTS

Ghana's Co-operation with the Arab countries is deeply rooted in history. It goes back to the early years of Ghana's political independence. Ghana consistently supported the armed struggle of the Arab peoples of Algeria against French colonialism and for national liberation. At the same time Ghana's leader Kwame Nkrumah in pursuit of his Pan-Africanist activities began to rally the independent states of Africa for the attainment of their common economic political and social goals. Of these countries, there were, apart from Ghana, only two, Liberia and Ethiopia, in Sub-Saharan Africa. The rest were all Arab countries of North Africa - namely Libya, Morocco, U.A.R., Tunisia and Sudan, which in terms of population and geographical location, should be an embodiment of Afro-Arab Co-operation. Particularly interesting was the fact that the U.A.R. comprised Egypt and Syria which is not in Africa.

Through the forum of the Conference of Independent African States (C.I.A.S.) various forms of political and economic co-operation were discussed. Economic co-operation within a Pan-

African framework was especially important subject. The first Conference of Independent African States held in Accra (April 1958) resolved to find measures to increase trade, provide facilities for the exchange of labour, undertake a common economic enterprise and co-ordinate economic planning (12). By the time the second Conference was held in Addis Ababa (in 1960) one more Arab country had joined the ranks of independent states. The C.I.A.S. in Addis Ababa passed far-reaching resolutions on a joint financial institution and economic co-operation in general as well as the need to review the structure of customs and tariffs with a view to increasing trade among African countries. It was not until the Third C.I.A.S. that the theoretical necessity of African co-operation i.e. the grim reality of neo-colonialism and the danger it posed for newly independent countries was recognised. Ghana's co-operation with the Arab countries of North Africa found its crystallisation in the drawing up of the African Charter of Casablanca signed by seven countries including four in Arab North Africa. They resolved to:

> "Affirm our will to intensify our efforts for the creation of an effective form of co-operation among African States in the economic, social and cultural domain" (13).

Within the framework of Pan-Africanism, Ghana together with the Arab states of North Africa, where the majority of Arab peoples live has engaged in a long search for suitable forms of co-operation among friendly countries.

Collective self-reliance and collective prosperity in the future is possible only if Arab aid and investments in Ghana (and Africa) and Ghana-Arab trade are not only increased but also if each activity is assigned a definite place in greater Afro-Arab economic co-operation; trade, aid and investments should each play a definite role in helping African and Arab countries satisfy each other's needs. Meeting each other's needs is an important principle and crucial to greater Afro-Arab co-operation. The basis for such co-operation already exists and Beshir captured its essence when he stated:

> "TERRAMEDIA - the lands lying between Europe, America and Asia - consists of sixty-three countries who are member of the OAU and of the Arab League - the World Heartland. Twenty-two of these countries are members of the Arab League, fifty-two are members of the OAU nine of them are members of both organizations. They have a combined

population of 460 million, a combined territory of almost 33 million square miles with immense natural and human resources...

Their resources are today largely non-utilized and in certain cases, misutilized. Their combined GNP is no more than $300 billion compared to $1,830 billion of the nine members countries of the EEC. The average per capita income for the whole group of countries is $720 ($470 for the OAU countries $740 for Afro-Arab countries and $3,000 for the Asian members of the Arab League compared with $7,000 for EEC countries).

Some have per capita income of not more than $200 and others have nearly $15,000. They comprise the richest and some of the poorest countries of the Third World" (14).

The basis, the need and urgency for an Afro-Arab economic space already exist. What is required is the political will to make things work.

1. Objective

This essay is about the economic co-operation between Ghana and the Arab countries. It is aimed at examining not only past co-operation, but also exploring ways of improving it in the future with a view to enhancing South-South Co-operation and reducing the dependence of the South on the North together with all the disadvantages entailed in this relationship. The emphasis will be on the economic co-operation between Ghana and all the Arab countries in the decade 1975-84. This roughly corresponds with the period within which Ghana and other African countries began to feel the pinch of sky rocketing oil prices and started receiving significant assistance from the Arab countries. Aid, trade and investments are the three broad areas of co-operation considered, though technical assistance is also briefly discussed. The picture that emerges is not an altogether very bright one and if the dramatic drop in the price of crude oil continues this co-operation may go through some difficulties in the future. The co-operation, as will be shown, is still at a very low level. However if the principles behind the co-operation are critically reviewed, rigorously clarified and vigorously pursued, the results for both sides will be good notwithstanding the difficulties that may arise as a result of the oil glut.

SECTION ONE

ARAB AID TO GHANA

1. The Concept

Perhaps the chief element in Afro-Arab economic co-operation is the substantial amounts of Arab aid that have flowed into the economies of almost all sub-Saharan African countries since 1973. In nominal terms, several billions of Arab petrodollars have contributed to many important development projects in Africa since the aftermath of the 1973 oil price increases. Like other African countries, Ghana received its share of this Arab aid and there are in existence today in Ghana several development projects which stand as monuments of Ghana-Arab co-operation. A balanced analysis of Arab aid to Ghana, as elsewhere in Africa, would suggest that its record is not one of unalloyed perfection. Arab aid to Ghana has not only fallen short of expectation, it has also not always come when it was badly needed. Before delving into the various issues connected with arab aid to Ghana it is proposed first, to establish clearly what we mean by the concept 'aid'. Second, this will be followed with a back-drop of a general account of Arab aid to Africa to set the stage for the specific discussion of Arab aid to Ghana.

The concept 'aid' has often times been applied to financial flows to the Third World countries which are accepted on a more or less commercial basis. Even private foreign investments conducted as strictly business transactions are sometimes labelled as aid. This blanket application of the concept must be categorically rejected. The OECD, however distinguishes clearly between ODA or official development assistance and total official flows or TOF. Official development assistance (ODA) includes grants and loans undertaken by the official sector at concessional financial terms (i.e. with a grant element of at least 25% with the promotion of economic development and welfare as the main objective, but excludes loans or credits with maturity of less than one year and assistance for religious or military purposes" (15). By aid in this essay is meant official development assistance in the OECD sense. Total official flows TOF, in contradistinction to ODA "encompass grants from the private sector, transactions on commercial terms direct investments and purchases of securities of international organizations active in development" (16). TOF has no concessional element; in this work not only is aid equated with ODA, but the analysis shall focus largely on commitments rather than disbursements. As it will turn out however, the distinction between the two is as far as Arab aid to Ghana is concerned, negligible.

2. General Characteristics

The oil price hikes of 1973/74 and the subsequent sharp increases of 1978/79 placed at the disposal of Arab countries enormous and unprecedented wealth. These billionaire Arab countries were Algeria, Iraq, Kuwait, Libya, Qatar, Saudi Arabia and the United Arab Emirates. One consequence of this new-gotten wealth was that financial aid to foreign countries came to play an increasingly important role in the relations between the Arab countries and the rest of the world, especially, the Third World countries. Reckoning on the basis of 'total official flows' Mertz and Mertz have estimated that from less than $500 million in 1972 Arab aid to other countries shot up to $7 billion a year in the 1973-80 period with the total aid around this time hitting an all-time high of more than $56 billion, even though actual disbursement was $44 billion. As a consequence, the proportion of Arab resources in total net resources from all countries to the developing countries rose from 1.7% in 1972 to 8.5% by the end of 1979. In relative terms Arab aid, unlike aid from the advanced capitalist countries, has exceeded the 0.7% of GNP recommended by the the U.N. The U.S., for example, gives only 0.25% of its GNP as aid and the average for the industrialized capitalist countries is 0.39% of GNP, though Sweden and Netherlands give 0.82%. The performance of the Arab countries, in this regard, is excellent. Saudi Arabia, the United Arab Emirates and Qatar give more than 3% and Kuwait more than 4% (17).

The largest proportion of Arab aid came from Saudi Arabia, which accounted for $22 billion or about 40% of total Arab aid. After a brief initial period of rapid annual increases in this aid it has been declining sharply from year to year. In 1973 total Arab aid was $2.7 billion and in 1976 $6.9 billion. But by 1979 this had fallen off to $5.4 billion or 44%. Mertz and Mertz attribute this drop partly to the changes in the level of current account surplus of the Arab oil exporting countries and the decline in the real price of oil as well as adjustment by the consuming countries; other contributory factors include the channelling of funds into the building of aid institutions and the disappointment of Arab aid donors with the effectiveness of aid in the realization of their foreign policy objectives. Political events such as the signing of the Camp David Accord also led to the direction of much Arab aid to the Arab rejectionist Front - Syria, Jordan P.L.O (18). Increasingly Arab aid is being passed through bilateral channels and aid institutions. Furthermore, Arab aid policy is increasingly moving away from programme to project lending while geographically aid is still concentrated on poorer Arab countries.

3. Importance of Africa

Africa's importance in over all Arab aid policy since the 1973-74 oil price increase is too well known to be recounted here. In real per capita terms Africa receives more aid than Asia and total Arab aid to Africa up to 1980 was about $2.8 billion. Moreover Africa is the only non-Arab region of the world to have been blessed with a special institution for channelling Arab aid, first, the Special Arab Aid Fund for Africa (SAAFA) and its successor Arab Bank for Economic Development in Africa (BADEA). However as both Mertz and Beshir have noted this so called importance of Africa in the Arab aid scheme could be easily exaggerated. Really, Arab aid to Africa is relatively modest. In 1973-77 it represented 5.8% of total Arab aid, 4.8% of total Arab bilateral aid and 8.9% of total Arab multilateral aid. What is more, in real and nominal terms aid to Africa has been dwindling since 1974 i.e. from $571 million to $403 million in 1979. Whereas in 1974 and 1978 overall Arab aid increased sharply, Arab aid to Africa dropped in those years and four Arab League member countries in Africa Djibouti, Mauritania, Somalia and Sudan received about two-thirds (about $3,636 million) of the $5,526 million of bilateral aid committed to forty-four Africa-countries between 1973 and 1980. Only 34% (about $1,891 billion) went to the other forty African countries (19). As Bashir has observed:

> 'It must be admitted that it was a modest contribution compared to total Arab investments and transfers to industrialised countries in the same period' (20).

The paucity of Arab aid to African countries has in recent times been reinforced by the observed tendency toward greater partiality in favour of Arab League member countries in Africa. It has been pointed out by Mertz and Mertz that recently the five Arab Gulf states agreed to set up a special fund to support the five least developed Arab countries including Mauritania, Somalia and Sudan and the two Yemens. The funds will be made available over a ten-year period. It will be capitalized at $5 billion and have as its main aim the provision of soft 30-year loans for economic and social development (21). The Arab League member countries in Africa are particularly favoured because they received 40% ($1,469 million) of Arab bilateral aid to Africa in the form of programme aid while the rest of Africa received only 29% or $420 million as programme assistance. Yet the Arab League member countries in Sub-Saharan Africa have a total population of only 23.6 million or about 10% of the population of 239.2 million of the other forty sub-Saharan Africa countries.

It is also doubtful whether Arab aid has lessened or can effectively countribute to breaking of Africa's dependence on the West. It has been pointed out that Arab aid has become simply additional element tying African economies to the West. According to this view:

> "The emphasis on infrastructure and export-oriented projects has inevitably drawn in the multinationals, foreign capital and technology and increased the dependency of African countries on Arabs and the West. This means the physical presence in Africa of European technology and personnel implementing Afro-Arab economic co-operation" (22).

Moreover it has been observed that the trend towards bilateralism in Arab aid is likely to discourage African regional co-operation and create a situation in which African countries compete with each other in an effort to attract Arab aid.

4. Underlying Factors

Underlying Arab aid to Africa is a set of political, economic, humanitarian and religious considerations. While purely political interests can be identified, there are also non-political factors with political dimensions all of which Mertz and Mertz have summed up neatly. The primary political objective of Arab aid is that it is intended to enhance each Arab donor country's internal security, political and economic influence.

Arab aid is also aimed at 'the preservation of regional political stability' or a favourable change in a politically dangerous regioanl status quo. The isolation of Israel, the winning and the maintaining of support for the Arab position on Palestine is also an important underlying factor. However Arab aid is also intended to serve as an expression of solidarity with other countries of the Third World, advance the cause of non-alignment and secure a New International Economic Order.

Arab aid is economically intended to secure African countries acquiescence in oil price increases, mobilise support for primary producer cartel practices and organisations and enhance Arab countries ability to influence the politics of key African producers of oil and other forms of energy or raw materials. It is believed that Arab aid to Africa is intended to pave the way for the ownership of profitable and significant African mineral resources. Arab aid to Africa is to some extent motivated by altruism, in that, it is aimed at helping African countries overcome the impact of the high cost of imported oil and assist their economic and social development. Moreover, Arab aid to Africa is said to be motivated by the desire to enhance the political and economic power of the Islamic bloc of countries, both collectively and individually as well as improve the spiritual social and political status of muslim countries in Africa. Finally conversion of non-muslims to Islam is an important goal (23).

5. The Ghanaian Experience

Arab aid to Ghana since 1975 shows striking similarity as well as differences from Arab aid to other African countries. In terms of the amounts committed Arab aid to Ghana is quite modest totalling $192.73 million (as at September 30th 1985) if the oil facility drawn by Ghana in 1975 from the I.M.F. is not included. But if this is included then total Arab aid to Ghana to date is $239.590 million. Leaving aside the oil facility means that over the ten-year period 1975-1985 Ghana has been receiving on the average $19.273 million every year from Arab sources. In accordance with the trend towards a rapid institutionalisation of Arab assistance almost all this amount was channelled through Arab and Arab dominated aid institutions. By far a larger proportion of this aid is channelled through nationally controlled Arab aid institutions. Saudi Arabia has so far given

Ghana $64.50 million or about 33.47% of the total while Kuwait has given $30.50 million or 15.82%. Between them these two countries have given $95.0 million or 49.28%, nearly half of all aid Ghana has received from Arab sources. The Arab Bank for Economic Development in Africa (BADEA), an exclusively Arab sponsored multilateral aid institution has provided $31.73 million or 16.46% of this aid while the OPEC Fund which is over 50% subscribed by the Arab countries has provided $25.0 million or 12.97%.

Characteristically aid from purely Arab sources is not very different from other types of aid i.e. ODA. Interest rates range from 2-7% and repayment period 8-25 years with a grace period of 3-10 years. The grant element in aid from BADEA ranges from 13.9% to 42.7% in the case of project aid but can be as high as 71.3% in the case of emergency aid. On the contrary OPEC aid is very different. The interest rate has always been less than 1% (0.75% to be precise) and the repayment period is always 20 years with a grace period of 4 or 5 years.

Arab aid, is as a rule, channelled into very important sectors of the national economy. Sectoral analysis of Arab aid to Ghana indicates striking differences from the general pattern of Arab aid to Africa. For example during the ten-year period of BADEA operations $ 339.455 or 50.7% of the total Arab assistance to Africa in the order of $669.030 million went into infrastructure, $138.05 million or 20.6% into agriculture $107.69 million or 16.1% into industry and only $68.017 or 10.3% into energy (24). By contrast much of Arab assistance to Ghana was channelled to the development of energy especially hydropower and industry. The development and improvement of Ghana's hydropower resources attracted $82.7 million or 42.9% of all Arab aid to Ghana while industry received $18.33 million or 9.51%. Unlike in the case of Africa as a whole Ghana's agricultural sector does not seem to be a favoured area in terms of its attractiveness for Arab financing. Only $5.754 million or 0.98% of Arab aid in Ghana has gone into agriculture. This pattern differs from the list of priority sectors prepared by BADEA. Top on the list of BADEA's priorities is farming. Agricultural and food industries come second, followed by the exploitation of natural resources and infrastructure. The development of industries with adequate percentage of African value added comes next. The rest are the training of African personnel and the development of related services such as transport.

6. Dependability

For the purpose of building an Afro-Arab economic space adequate, to build complementary economies free of dependence on outside forces Arab surplus petrodollars must assist and strengthen African economies through aid programmes to meet the needs of African and Arab peoples. Arab aid must flow into sectors of African economies the development of which will be in the interest of African and Arab peoples. But until 1984/85 fiscal year aid from Arab sources to Ghana was not only declining but actually drying up. Since 1977 when Ghana received $32.5 million from Saudi Arabia, $30.5 million from Kuwait and $10.000 million from BADEA no aid from Arab sources had been forth coming until 1985. Within the same period, however, the OPEC FUND which has a more nationally diversified source of capital and multi-national control continued to give aid to Ghana on softer terms. This long gap of nearly eight years without Arab aid raises a very important question of the reliability of Arab financial aid as a dependable source of foreign development assistance for Ghana.

Arab aid to Ghana comes but in trickles. In April 1985 the last time a Ghanaian delegation visited Kuwait in search of financial assistance it was pointed out to them that because of the oil glut, reduced revenues and a backlog of applications from other Third World countries Kuwait would consider only one project per country at a time. As already indicated during the ten-year period 1975-85 Ghana received $192.73 million, an average of about $19.273 million per annum. This includes $25 million received from the OPEC Fund between 1977 and 1985. If OPEC aid is not included, aid from purely Arab sources add up to $167.73 million or an average of $16.773 a year. Obviously this represents a minute fraction of Ghana's need for foreign assistance. Let us take for example Ghana's requirements for Arab financial assistance as against actual flows. In the wake of the 1973 oil price increase Ghana requested from Saudi Arabia alone an assistance of $503 million made up of $203 million in grants and ¢300 million in long term development credit under concessionary terms, in addition to some technical assistance and joint ventures.

Ghana approached other Gulf states with a view to satisfying her need for foreign financial assistance. In 1975 Ghana requested from Kuwait an assistance of $100 million on concessionary terms and in 1967, £67 million. Similar requests were made from Abu Dhabi in 1981. Altogether between 1975 and 1981 Ghana made aid requests totalling not less than $1,005 million from Arab countries. The actual receipts of $192.73 million is no more than 19.2% of Ghana's requests. The Arab countries have made it abundantly clear that,

> "it is not the Arabs exclusive responsibility particularly as the extent of their resources does not allow them, to substitute for the international community to shoulder the burden of providing development finance for Africa... (it) is the responsibility of the international community including the Arab states"(25).

It is of equal importance to lay stress on the fact that African countries do not expect Arab states to bear on their shoulders complete responsibility for assisting African countries' development. However some modest increases in Arab assistance will greatly enhance Afro-Arab co-operation.

Arab financial assistance to Ghana has not only failed to meet a significant proportion of Ghana's need for foreign financial assistance but it has become more strongly integrated as an additional element in Ghana's dependence on Western capital. One of the major claims made by Arabs for their participation in financial assistance to Africa is that it strengthens Africa's bargaining power vis-a-vis other foreign donors. According to a BADEA report:

> "The reinforcement of financial resources from Arab states to Africa when well concerted and co-ordinated is very much desired by the African countries for not only does it give them greater resources for development, but also more power in negotiations. The presence of the Arab Front among several co-financiers from industrial countries and international organizations constitutes a strong support for the country concerned and enables it to resist pressures unduly exerted by other partners during negotiations" (26).

Unfortunately this has not been the case for Ghana. In the first place, Arab aid institutions insist that they are not charitable organizations dishing out free money. Thus BADEA has made it clear that it is not... 'a benevolent society giving alms to African countries' (27). This means that they are not ready to give aid to Africa on terms other than those on which Africa already receives aid from elsewhere, and in particular the West. Between 1972 and 1982 the relationship between Ghana and the I.M.F. was so strained that Ghana's ability not only to draw on Fund resources but also to gain access to other capital markets without submitting to Fund conditions was seriously constrained. First the coup d'etat of January 1972 abruptly disrupted the existing good relations between the I.M.F. and Ghana when the new military regime decided to revalue the national currency upward and repudiate external debts tainted with corruption. Second, a palace coup of July 1978 did well to reestablish good relations with the Fund by devaluing the national currency and adjusting the economy in exchange for an I.M.F. stand-by of 58 million S.D.R.S. But again this was short-circuited by a sudden armed uprising of the junior officers, non-commissioned officers and ranks of the Ghana Armed Forces on June 4th 1979.

After April 1983 when Ghana restored its good relations with the I.M.F. by devaluation and adjustment of the Ghanaian economy all loans and credit lines including Arab were re-opened.

After the installation of the pro-western Limann Government reports from the Ghana mission in Jeddah indicated that the Saudi authorities were prepared to donate as much as $500 million for road rehabilitation and $5 million towards the Kpong-Hydro-electric project. The coup of December 1981, the subsequent declaration of a national democratic 'revolution' by Flt. Lt. J.J. Rawlings combined with a strong anti-imperialist rhetoric in the media and a cordial Ghana-Libya relationship nothing more was heard of this aid. In 1985 after Ghana had agreed with the I.M.F. on a stabilisation programme the Saudi Fund gave a loan of $32 million for four projects. The re-opening of credit and loans, especially Arab loans to Ghana at a time of declining oil revenue would seem to suggest that Arab capital assistance in Africa operates not independently of (or in counteraction to) Western capital but as an inextricable adjunct of it. Politically, countries with a clear pro-western orientation are more likely to receive aid from Arab sources especially those of the Gulf states, than revolutionary and anti-imperialist Governments. It is largely because of this close correspondence between relationship with the West and the generosity of certain Arab donors - that a foreign ministry briefing to a Ghanaian delegation about to leave for Saudi Arabia after Jerry Rawlings had come to power warned:

> "sight should not be lost of the ideological concern of the Saudi authorities. Saudi Arabia likes to deal with countries with clear cut western leanings".

In these circumstances it is difficult to realize an independent South-South co-operation through a concrete Afro-Arab form. Unfortunately BADEA which is different in this regard does not give more than $5 million in loans for any one project.

Ghana's experience with Arab capital's inability to support independent African development, is not an isolated one. It is actually a manifestation of the character of dependence of both the Arab countries and other Third World countries on the industrialized West. In particular, the wealthiest and largest Arab donor countries are heavily dependent on the same external forces from whose domination African countries seek to free themselves with Arab financial support. The I.M.F. and its twin institution, the World Bank, have been subjected to hard criticism by the Third World and particularly African countries for their high conditionality lending. Most African countries would, if they had alternative adequate sources of development finance, circumvent these institutions rather than succumb to them and sacrifice important social and political objectives of their national development effort. However as things stand now these same international institutions are the chief partners in development of the richest and largest Arab donors. Saudi Arabia in particular is heavily dependent on the World Bank and I.M.F. for advice in running its national economy. Mertz and Mertz have reported that:

> "Saudi Arabia currently has a thirty-man technical assistance from the World Bank resident in the country. The Saudis also rely on the I.M.F. for training and advice for their national institutions and for analysis and monitoring of national economic financial and fiscal policies of countries such as Egypt and Sudan to which they have or are giving substantial financial assistance. Where appropriate Saudi aid has been co-ordinated with I.M.F. programs to lend added weight to both parties' terms and conditions" (28).

It is such political and economic realities of the Arab world which lend credence to the idea that Arab capital far from being a dependable pillar for independent African development has become a cornerstone for entrenching dependence on the West.

Arab aid institutions such as BADEA, in their operations in Africa, take special pride in co-operating with other financial institutions to assist Africa, without in any way losing their individual Arab personality and identity nor sacrificing their lofty aims and objectives in Africa (29). One way in which such co-operation has been pursued is through the co-financing of African development projects with other financial institutions Arab and non-Arab. Co-financing has so far become a successful instrument of Arab and non-Arab common effort to undertake viable development projects in Africa. For example Ghana's Kpong hydro-electric project was originally estimated to cost $237 million; Arab financial institutions alone contributed $73.00 million or 30.8% of it. The rest was provided by the World Bank ($39 million) the European Development Fund ($10 million) European Investment Bank ($11.00 million) and Canadian International Development Agency (CIDA) ($39.0 million). BADEA's involvement in the financing of African projects therefore serves an incentive for other Arab financial involvement and facilitates Arab co-operation with other financial institutions in financing African development.

Ghana provides several other examples of Arab and non-Arab co-financing of African projects. The Ashanti Cocoa Rehabilitation project initiated in 1975 was jointly financed by BADEA which provided $5 million and the IBRD whose contribution was $14 million. In the same way the CIMAO Ciment project (at Lome) in which Ghana-Togo and the Ivory Coast have teamed up with a foreign investor was co-financed by BADEA and other institutions. BADEA contributed $10 million, Africa Development Bank and African Development Fund $12 million the IBRD $60 million, the European Development Fund $20.5 millions and the European Investment Bank $29.8 million, the Central Fund for European Co-operation $20.0 million, Canadian International Development Agency $17.0 million while the Germany KFW provided $22.9 million. It is evident that Arab capital is playing an important joint role with other foreign financial institutions in financing Ghana's development.

As can be seen from the size of Arab contribution, Arab capital forms only a small proportion of total foreign finance for co-financed Ghanaian projects. Arab capital is dominated by western capital, at least in this sense. This, coupled with the fact that Arab countries are dependent on western financial institutions strongly indicate that Arab capital co-operates with other foreign capital in a subsidiary role. It would not be too far fetched to suggest therefore that western capital acting like a magnet attracts Arab capital to attain the aims and purposes of the West in Africa. Apart from Arab financial assistance no Arab technology or skills are involved in these projects. The beneficiaries are therefore Western companies, western experts and specialists and western economies. Ghana's Kpong hydro-electric project which is co-financed by Arab and western capital is a clear illustration of this point. It has already been pointed out that 30.8% of the original cost of $237 million came from Arab sources and the rest from the West. The contracts connected with the projects were, however, mostly undertaken by italian, West German, Japanese and British companies.

The founders of BADEA decided that:

> "the Bank will use the principle of international bidding procedures i.e. after having approved a particular project it will require international competition between all the suppliers of goods and services" (30).

This decision to use the principle of international bidding will strengthen the already advantageous position of foreign companies. Any pretension that Arab and African companies would benefit from contracts arising from Arab aid to Africa is but an idle one. The tying of aid, by which western Governments promote the business of their companies, is objectively out of the question for Arabs. This calls for a realistic appraisal of the role of Arab aid, investments and Afro-Arab trade in promoting Africa's development. There is need for a correct estimation of the relative roles of aid trade and investments in promoting Afro-Arab co-operation and development.

7. Technical Assistance

Arab technical assistance to Ghana is negligible, in spite of all hopes and expectations. More than a hundred Ghanaians are studying in various universities and other institutions of higher learning in Saudi Arabia. They pursue courses ranging from Islamic studies to petroleum technology and on Saudi Government Scholarships. Saudi technical assistance to Ghana is not governed by a formal agreement on technical co-operation. On the other hand Egyptian technical assistance to Ghana is done within the framework of an agreement on technical co-operation between these two countries. So far the benefits to Ghana are very modest. First Egyptian Maritime and shipping experts are now lecturers at the Regional Maritime Academy at Nungua. Second a team of Egyptian cotton experts paid a fortnight's visit to Ghana to examine the problems of cotton development facing the Ghana Cotton Development Board. Before these the Egyptian Government had undertaken to pay the salaries of two Egyptian lecturers in Arabic at the University of Ghana. It would seem therefore that Arab technical assistance should take the form more of scholarships for Ghanaians to study in Arab institutions than of sending to Ghana Arab experts who do not exist at home or are more badly needed there if they exist.

8. Summary

Arab aid to Ghana seems to have fallen short of Ghana's expectations and needs. It is not possible for aid donors to provide all the aid requirements of needy nations even with the best of intentions and all the goodwill conceivable. However, if Arab and African economies are to complement each other, further south-south co-operation and facilitate the realisation of a new International Economic Order, then Arab assistance must be stepped up. Further Arab aid should help African countries out of very difficult situations whether or not this accords with the policies of external forces. Arab aid should not serve as an additional tool for increasing African dependence on the West. It should rather be turned into an instrument for the liberation of Africa from dependence and underdevelopment. Finally and most importantly the relative roles of Arab aid trade and investments in African's development should be clearly defined so that all three can be constituted into a closely related or integrated strategy by which Arab countries can help African countries play a vital and dynamic role in one Afro-Arab economic space.

It is suggested that Arab aid should be directed towards providing adequate infrastructural conditions for development. Energy and other preconditions for production should be stepped up through the investment of Arab capital in African productive activity. While trade should be aimed at giving African countries fair prices for their produce with a view of helping their balance-of-payments position and boosting their financial capacity for acquiring producer and intermediate goods from abroad to increase production at home. African production and trade should, given adequate Arab financial support, aim at supplying both the needs of Arab and African peoples. It is not possible to appreciate this point fully without examining other forms of economic co-operation. We shall therefore turn our attention to trade.

SECTION TWO

GHANA-ARAB trade

1. Trade and NIEO

The basic form of economic relations between peoples of different countries is trade. Therefore if greater Afro-Arab economic co-operation is to be forged to provide an optimal economic space for rapid and independent development of African and Arab economies then developing closer trade relations is the key. The countries of the north have by now shown in word and deed that the New International Economic Order (NIEO) which the dependent and underdeveloped countries of the South desire and strive for will not be delivered to them on a silver platter. The countries of the South must take the initiative, trade extensively with each other, in order to shatter the myth of indispensability of their trade dependence on the North and break for over the shackles of trade protectionism, unequal exchange, political blackmail and age-long underdevelopment. The level of Afro-Arab trade at the present does not give much comfort to those in African and Arab countries who wish to see greater purpossive action towards all-round economic co-operation between the peoples and governments of the two regions.

Afro-Arab trade has, both in the past and the present, been very low. Bashir has reckoned that in 1970 total African exports to the world was about US $12,334 million. Of this only $1,240 or about 10% went to the Third World with an even smaller proportion i.e. $ 99.2 million or 0.8% going to the Arab countries of the middle East. In 1974 African exports to the world was approximately $39,772 million. Only $4,020 million or about 10% went to the Third World with a meagre $175.4 million or 0,441% to Arab countries. The volume of African imports from the rest of the world in 1973 was $11,890 million of which only $1,630 million or 1,4556% came from the Third World with only $112.9 or 0.1% coming from the Arab countries (31). Even this small volume of Afro-Arab trade is carried on between very few countries and in a narrow range of commodities.

2. Ghana-Arab Trade in the Past

Ghana has a long history of trade with the Arab world. In medieval times Gold from Ghana's forest belt reached the Northern shores of the African continent through Arab traders operating from the ancient kingdoms of western Sudan. The Gold Coast Colony (Ghana) also maintained a low level, almost non-existent, import trade with the Arab countries particularly Algeria, Egypt, Morrocco, Tunisia and Syria. However, this trade was extremely small. For example in 1923 Ghana's imports from the Arab world were £4 from Egypt, £4 from Algeria, £5 from Tunisia and £25 from Morocco (32). The next year 1924 there was not much improvement. Total import from Saudi Arabia were £3; Morocco £6; Algeria £54 and Egypt £15. A slight improvement was noticeable in 1925 and yet Gold Coast-Arab trade remained small (33). That year, imports from the Arab countries were £63 from Morocco, £91 from Algeria, £26 from Libya and £304 from Egypt (34). In 1926 further increases were recorded in Ghana's Arab imports i.e. £75 of goods from Syria; £107 from Morocco; £ 480 from Algeria; £ 375 from Egypt and £ 109 from Libya (35). Under Colonialism Ghana-Arab trade was not only small but increased very slowly. Even after independence, this state of Ghana-Arab trade, remained for some time until, the Nkrumah Government made purposive efforts to alter the situation.

The low level of trade between Ghana and the Arab World is due to the fact that historically Ghana, like the Arab countries, has been economically dependent on a few countries in the West. This has been the case not only in direct foreign investment but in financial assistance and trade as well. This dependence in particular, began under colonial rule and has mutatis mutandis continued to the present day. Ghana's trade dependence on the West began and was highest in the pre-World War I period. During that period not less than 70% of Ghana's trade was carried on with the colonial mother country. Other Western countries Germany, Holland, France and the U.S.A. accounted for a substantial part of the rest. The following tables I and II vividly illustrate the level of Ghana's trade dependence on the West before 1914.

Table 1: Principal sources of Ghana's Imports and % of total in the 3 years before 1914

	1910 £	1911 £	1912 £
1. U.K.	2,037,412(75%)	2,088,764(72%)	2,317,732(70%)
2. Germany	324,660(12%)	305,303(10%)	379,027(11%)
3. France	169,000(1%)	27,471(1%)	42,604(1%)
4. U.S.A.	20,141(1%)	174,173(6%)	229,604(7%)
5. Holland	240,515(9%)	182,337(6%)	182,965(6%)
6. Southern Nigeria	13,945 -	19,355(1%)	18,314(1%)
7. Other foreign countries	46,834(2%)	87,576(3%)	109,564(3%)

Source: Government of the Gold Coast Department. Report 1912: Report on the Trade of the Colony for the year ended 1912, p.15.

Table 2: Principal Destinations of Ghana's Exports in the 3 Years beofre 1914 & % of total

	1910 £	1911 £	1912 £
1. U.K.	1,837,676(70%)	2,384,829(69%)	2,677,575(67%)
2. Germany	400,284(18%)	552,172(16%)	731,122(18%)
3. France	196,331(8%)	387,093(11%)	384,219(10%)
4. U.S.A.	40,272(1%)	42,647(1%)	72,135(2%)
5. Southern Ghana	78,292(3%)	93,078(3%)	133,977(3%)

Source: Government of the Gold Coast Department - Report 1912: Report on the Trade of the Colony for the Year Ended 1912, p. 15.

After World War I Ghana's trade dependence on the West was modified but substantially it remained intact. Dependence on Britain was slightly reduced. But on the whole Ghana's trade remained concentrated on a few western countries. Britain's exports to Ghana remained at pre-war high levels but her imports from Ghana fell sharply with the advantage going to the other countries. For example in 1920 Britain's imports from Gold Coast was 78.05% of the colony's total exports that year (36). This trend continued for a long time until World War II introduced a new stage in Ghana's trade dependence on the West. After World War II Britain continued to be Ghana's leading trade partner. However the share in Ghana's trade was scaled down to modest levels. For example in 1953 and 1954, Britain accounted for only 54.9 % and 48.3 % of Ghana's imports and 42.0 % and 40.3 % of exports (37). The share of other western countries in Ghana's trade shot up. The post-World War II structure of Ghana's trade dependence remained largely unchanged until 1961 when the Government of Kwame Nkrumah made concrete efforts to reduce Ghana's trade dependence on the West (38). The substance of the changes made by the Nkrumah regime was that a large part of Ghana's trade was deflected away from the West to the socialist countries and trade with African countries, including Egypt, Libya and Morocco increased. Among Arab countries only those in North Africa benefited from this change.

3. Ghana-Arab Trade Today

Mertz and Mertz have compiled statistics on Africa's trade with Arab donor countries which confirm Bashir's earlier observations that Afro-Arab trade is yet to attain the level desired by supporters of greater economic and other forms of co-operation between the two regions. According to the figures provided by the Mertz, Ghana's trade with the Arab countries as a whole is as represented in the following table i.e. table 3:

Table 3: Ghana's Trade with Arab Donor countries

	Export		Import	
	$	%	$	%
1. 1975	1.1	0.1	50.2	6.3
2. 1976	2.4	0.3	71.9	7.0
3. 1976	4.8	0.4	26.5	2.0
4. 1978	5.3	0.4	25.2	2.0
5. 1979	3.9	0.3	0.1	0.01

Source: Arab Aid to Sub-Saharan Africa p.185-189 Authors: Robert Anton Mertz & Pamela Macdonald Mertz.

It is true that Ghana's recent trade with the Arab World is still a small fraction of her total external trade. Though up to date statistics on Ghana's external trade are extremely difficult to get, what is available from Ghanaian sources give a slightly brighter picture than is painted in the Mertz statistics. Ghana's trade partners in the Arab World are Algeria, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Syria and Tunisia. Ghana's main exports to them are timber and cocoa products, while Ghana takes oil mainly from Libya and sometimes Algeria. The value of this trade with each Arab trade partner, and the proportion of Ghana's Arab trade in her total external trade are presented in the Appendices i.e. Appendix I and II which also show the balance of this trade.

As these figures clearly indicate 1975 was the best year for Ghana-Arab trade. About 6% by value of Ghana's imports came from the Arab World and 11% of her exports went here. On the whole however Ghana-Arab trade is still low and there is room for improvement. The level of Ghana-Arab trade becomes even more disappointing when one isolates for examination the major item in this trade, i.e. timber, which Ghana exports to the Arab World. See Appendix III.

Even though timber is Ghana's main export to the Arab countries, Ghana's timber exports to the Arab World is only a small proportion of Ghana's overall timber trade, with the world.

4. Ghana-Arab Trade Balance

Ghana's trade with the Arab countries has on the whole resulted i a heavy deficit for Ghana. For the period 1975-1979 Ghana exported a total of ¢30,993,874 worth of goods to the Arab countries and took from them imports totalling ¢258,592,144, resulting in a deficit of ¢227,598,270 for Ghana. Both the deficit and the trade are not evenly spread. Nearly half of the deficit i.e. ¢110,774,055 is accounted for by heavy crude imports from Libya and apart from the Arab Republic of Egypt and Syria with which Ghana had a trade surplus Ghana ran a deficit with all other Arab trade partners - about ¢20.8 million with Algeria; ¢15 million with Iraq; ¢32,270 with Jordan; ¢7.8 million with Lebanon; ¢1.8 million with Morocco and ¢5.4 million with Tunisia. If Ghana-Arab trade is stepped up, with Arab shipping lines calling at Ghana ports more often, it is likely that increased purchases of fuel from Ghana by Arab vessels may reduce slightly

Ghana's deficit with the Arab countries. In 1981 ships of the United Arab Emirates made from Ghana fuel purchases totalling $370,102 equivalent to 1860 metric tonnes of fuel while Egyptian vessels did offshore refuelling of 60 metric tonnes (of gasoline) at the cost of $23,295.60.

5. Problems

In spite of its small volume and deficits for Ghana there is every indication that Ghana-Arab trade has the potential of being developed to improve the complementarity of African and Arab economies. This makes it vitally necessary to examine the problems that have impeded stronger Ghana-Arab trade relations. Ghana-Arab trade is faced with problems of a general and particular character. The major problem facing Ghana-Arab trade in general is poor shipping connection. In 1976 for example this problem was largely accountable for Ghana's inability to meet its commitment to supply Algerian companies with their timber requirements. The problem is not so much the absence of nationally owned shipping lines, for Algeria has its own national shipping corporation ONAN and Ghana, the Black Star Line. Rather the question is whether or not the volume of trade between the countries is so high that ships might not have to do a round trip half-empty. Since the primary function of shipping is to facilitate trade between nations it is only when trade between Ghana and the Arab countries is stepped up that it will be profitable for their ships to redirect their routes to serve this trade. If Ghana and the Arab countries are to increase the level of trade between them then they should also increase their fleet and improve their services to make them efficient carriers of their sea-borne trade. Joint ventures in shipping would not only increase Ghana-Arab trade but also be an excellent example in Afro-Arab co-operation. The condition of the Ghanaian economy may not permit further huge investments in a solely Ghanaian-owned shipping company. At the same time the Arab countries with their sizeable though gradually dwingling oil surpluses may not need to derive all the advantages in carrying Ghana-Arab sea-borne trade. Next to shipping poor communications, especially telecommunications between Ghana and the Arab countries is also responsible for the low-level of Ghana-Arab trade in general.

Some of the problems of Ghana-Arab trade are peculiar to certain Arab Markets. A good example is the use of the tender method by Algerian and some Egyptian Companies to acquire their commodity requirements abroad. Algeria in particular always makes its purchases of timber and cocoa products through tenders and Ghana has on several occasions not been able to submit tenders on time to win supply contracts. The poor communications between the two countries is partly responsible for this inability to submit tenders on time. The result is that Ghana has not been able to take advantage of a good opportunity to trade with Algeria. In the 1980-84 plan period Algerian voted 3 billion dinars or $750 million for timber and timber products. Even though Ghana was duly notified of this not a single cubic metre of wood was sold to Algeria from Ghana for the entire Plan Period. Part of the problem lies with the decline and stagnation of productive activity both in the 1970's and early 1980's. For these various reasons, in 1980, Ghana missed the opportunity to supply to the Algerian market 80,000 M3 of peeling logs; 10,000 M3 of sliced logs; 55,000 M3 of sawn logs and 3,000 M3 of rotary peeled veneers (39). The problems of Ghana-Arab trade have at times assumed such serious dimensions that Ghana's export trade to particular Arab countries suffered tremendously. It is not just the timber trade but also the trade in cocoa. The 1984 Annual Report of Ghana's Ministry of Trade stated:

> "Ghana had not been able to do any Trade with Algeria due to the fact that Algeria does its procurements on tender basis and Ghana had not been able to win tenders" (40)).

As already admitted the tender method is only part of the problem. Stagnation and decline in Ghana's production is partly responsible for this state of affairs. Some of the problems of Ghana-Arab trade have had very bad consequence for both Ghana and the Arab countries. The Arab countries have been compelled to buy Ghana timber from Rotterdam and at a high price, much to the disadvantage of stronger Afro-Arab trade relations in particular and economic co-operation in general.

6. Trade Agreements

Trade between Ghana and the Arab countries, particularly those that have no huge oil surpluses, has been effected largely through trade protocols or agreements. Typically a trade protocol stipulates the amount and type of goods to be exchange between the two countries and prohibits re-exportation of such goods to a third country without the prior written consent of the Government of the country of origin. There is also a time limit for the fulfilment of mutual obligations. Beyond the deadline outstanding debts must be settled in convertible currency within a three month period. The Arab Republic of Egypt has for some time had such potocols with the Republic of Ghana almost every year. Trade Protocols between Ghana and Egypt provide for the sale of $4 million of Ghanaian products especially timber to Egypt which would be obliged to sell the same value of her products in particular raw cotton and cotton yarns to Ghana (41). A similar trade agreement existed between the Republic of Ghana and the Kingdom of Morocco. This agreement also provided that certain categories of goods could be brought into each country from the other duty free (42).

Trade agreements and Protocols as instruments for the promotion of foreign trade have always had their weaknesses. In the particular case of Ghana and the less wealthy Arab countries there have been problems as well. Trade agreements between Ghana and some of the Arab countries are not barter trade agreements therefore they require the expenditure of foreign exchange for their effective implementation. A shortage of foreign exchange by one of the parties is likely to undermine full adherence to the agreements and this has happened in the case of Ghana and Egypt. In 1982, Egypt had cause to express some disquiet about Ghana's non-fulfimment of its obligations under their trade Protocol. In accordance with the terms of the Protocol Egypt had been importing cocoa and timber from Ghana. Due to Ghana's foreign exchange problems she was unable to import much from Egypt. In fact Ghana imported practically nothing from Egypt, resulting in a trade deficit for the Arab Republic - an occurrence which trade agreements are intended to prevent. In 1978 Ghana and the Republic of Iraq exchanged Draft Trade Agreements for study. The need to enter into this agreement had arisen because Ghana wanted to import medicines, tarned hides and skins, chemicals, fertilizers and agricultural machinery in return for the export of Ghana timber to Iraq. In the long run the agreement was not signed. It later on became apparent that had the agreement been concluded it would have fallen into difficulties similar to or worse than those that be fell Ghana-Egypt trade agreement.

Problems arising from bilateral trade between Ghana and the Arab countries should under normal circumstances be solved by the Joint Commissions. The very nature of the problem seems to indicate that trade agreements and Joint Commissions are not adequate for purposes of promoting closer trade co-operation. Perhaps a resort to barter trade would be more useful in promoting trade between Ghana and the less prosperous Arab countries. High level diplomatic representation in the wealthier countries may also help the cause of increased trade. What is important is that each partner should give the very best it has to offer and on terms that can stand any competition. Above everything else, the political will to promote Ghana-Arab trade in the greater interest of Afro-Arab Co-operation must be very strong. Without it building complementary economies free of dependence on the industrialized north, may prove difficult if not impossible.

7. Potential

Trade requests made to Ghana from the Arab countries strongly indicate that Ghana-Arab trade can be increased to much higher levels. From the Arab countries that have no huge oil surpluses more emphasis is placed on what Ghana can import from them rather than what they can buy from Ghana. Tunisian companies have, for example, indicated keen interest in exporting stationery and school furniture to Ghana. Ghana's vast timber resources enable her to produce furniture of all types for domestic purposes and the export market. BIC pens which Tunisian companies wanted to export to Ghana are produced for the Ghanaian domestic market under license from probably the same company that licensed the production of BIC pens in Tunisia. This is a clear manifestation of Third World dependency. Other countries such as Algeria and Egypt have shown interest in a two-way trade, selling to Ghana as much as buying from her. The main obstacle to the smooth development of trade with these countries has been Ghana's inability to supply them or buy from them. Timber and cocoa, Ghana's traditional exports, are highly in demand in the Arab World. If the major problems that impede the smooth development of Ghana-Arab trade are successfully tackled, it should be possible to increase this trade by focussing attention on non-traditional exports.

Ghana's non-traditional exports fall into several classes. The first category includes such food items as lobsters, shrimps (frozen or prepared) tuna fish, tomatoes (fresh or chilled) onions and shallots (fresh or chilled) mushrooms green leaves, okro, asparagus, fresh oranges, lemons and lime, grapefruit, fresh banana, cashew nut, kola nuts (fresh and dried) melons, pawpaws, prickly pear, fruit and vegetable juices (orange, pineapple, lime, tomato) honey, ginger, black peper etc. There is another category i.e. manufactured items such as cotton prints, native kente cloth non-industrial diamonds, aluminium ingots, aluminum utensils, dust rejects, wooden stools, furniture, jewelry basket work. Finally there are paintings, drawings, pastels engravings, and lithographs, live animals (reptiles, monkeys, doves, parrots etc.) and on-monetary gold. These non-traditional Ghanaian exportable items may be of interest to Arab countries especially those in the Gulf States, which are farther away from Africa.

The important point to note about Ghana-Arab trade is that it can be stimulated by direct investment of Arab capital to step up the production of those Ghanaian goods needed in the Arab countries. Not all forms of production can be stimulated by the infusion of Arab capital. But it is important to note that if Ghana-Arab economic co-operation is to be successfully carried on, then trade and investments must not be seen as separate economic activities. Increased Arab investments in Ghana can boost Ghana-Arab trade by making available in larger quantities and required quality those goods which can satisfy Ghanaian and Arab needs and demand. For the same reason Arab aid should not be seen as an isolated programme in Ghana-Arab Co-operation. Arab aid may be channelled primarily into infrastructural development. But it may also be directed at increasing and improving the output of goods to satisfy the need and demand of African and Arab peoples. It is important to define clearly the specific role of trade aid and investment in greater Ghana-Arab Co-operation. The conception of Ghana-Arab co-operation suggested in this essay therefore is one which will afford the two peoples the maximum opportunities to break away from dependence on the West. This conception is one that will link trade aid and investments together, with a clear cut role for each in the grand venture of stepping up co-operation between the Arab and Ghanaian and even all African peoples.

8. Summary

Ghana has maintained longstanding trade relations with the Arab countries. In spite of this long experience in trading with each other the volume of trade between them remains small. Not only is the volume of trade small, it consists of a very limited range of goods, mainly oil from Libya and Algeria, timber and cocoa products from Ghana. The balance of this trade is heavily in favour of the Arab countries with Libya alone accounting for nearly half of Ghana's trade deficit with the Arab countries. Even this low level trade is beset with several problems that hinder its expansion. If Ghana-Arab trade is to contribute effectively to the building of Afro-Arab complementary economies and to create a vast enough economic space that will further the cause of freeing the African and Arab countries, the Terramedia, from their age-old dependency on the industrial north then their trade relations must be strengthened. Traded goods must be increased and diversified through the investment of Arab capital in productive activities in Ghana to benefit African and Arab peoples. Trade, aid and investment must be seen as complementary, mutually reinforcing elements in a grand venture of Afro-Arab Co-operation rather than unrelated economic relationships pursued in a lop-sided fashion. Problems such as the tender method of procuring foreign commodities and shipping which have had adverse impact on Ghana-Arab trade should be solved by collective Ghana-Arab efforts. Barter trade where necessary should be explored and used. But the important point to bear in mind is the complementary role of trade, aid and investment in building a vast economic space of the Terramedia. It is only in this way that African and Arab countries can free themselves from dependence on the North. In the next section we shall throw some light on Arab investments in Ghana.

SECTION THREE

ARAB INVESTMENTS IN GHANA: PRESENT SITUATION AND FUTURE POSSIBILITIES

One way in which Afro-Arab Co-operation may be fruitfully advanced is through the investment of Arab petro-dollars in African economies for the mutual benefit of African and Arab peoples. After the Cairo summit of March 1977 expectations of increased Arab investments in Africa were high. Such expectations were not altogether misplaced. Africans believed that investment from rich Third World countries which are also militarily weak would not undermine their national sovereignty. Neither would such investment (hopefully) be made on very difficult terms as those from the advanced industrialized countries. However, it seems that these expectations have not been realized. This is the case not only with Africa as a whole but more importantly with Ghana. Bashir has clearly shown that OPEC investments, of which the largest proportion is Arab, is characterized by a very high percentage of financial assets in the West and in multilateral institutions located in the West. Only a small fraction of OPEC and Arab investments is in the Third World and an even production in Africa.

"Of OPEC investments, which amounted to $194.72 billion (1975-76), only 22.0% was invested in all Third World countries. Of the $236 billion in investments accumulated by the OPEC Countries between 1974 and 1975, $115 billion (48.7%) were in bank deposits, $17 billion (7.2%) in port-folios and direct investments, $8 billion (3.4%) in the IMF and World Bank, and $38 billion (16.2 %) in loans to developing countries. In other words, 87% of OPEC net foreign investments were in financial assets" (43). This is in spite of the fact that Iranian assets in the U.S. were frozen after certain political changes unfavourable to the U.S. had occurred in Iranian society.

To say this is not deny that certain bold efforts have been made by individual Arab Countries to encourage greater Afro-Arab Co-operation through the investment of Arab capital in Africa. Recent research findings indicate that Algeria, Kuwait and Libya cannot be accused for want of trial in this area. In spite of the relatively small size of its surplus, and, defying all odds Algeria has gone into 'joint venture companies in marine transport in Benin, timber in Congo, fishing in Guinea Bissau and road transport in Mali' (44). Similarly about a quarter of Kuwait's total bilateral assistance to Sub-Saharan Africa ($1,260 million) was in the form of 'central bank deposits and the purchase of government debt instruments and joint venture equity investments...' (45). However the largest chunk of Kuwait's assistance goes to two Arab League members, Sudan and Mauritania, with Senegal and Uganda receiving almost the whole of the rest that goes to Sub-Suharan Africa. Lack of success in Kuwait's investments in Africa led to a change in official attitude. Now there is little or no Kuwaiti investment in Africa and there is no likelihood of much coming in the near future (46).

The failure of Arab Investments in Africa makes the Libyan experience in this field unique. Libya's bilateral assistance to Sub-Saharan African countries is largely (i.e. 69%) non-concessional and this is primarily in form of equity investments in joint ventures. The result is that since 1973 'Libya claims to have established no less than 50 joint venture companies including 8 banks and holding companies, active in the following sectors: agriculture, livestock, fishing, forestry, minerals, industry, tourism, transport and commerce' (47). These investments have a much greater geographical spread than others. Apparently these investments have been successful for the Ugandan affiliate of the Libyan Arab Foreign Bank (LAFB) reported a dividend of $1 million in 1978 alone. No wonder then that a large proportion of Libyan assistance to Africa is in non-concessional forms (48). As we shall see in this section of our discussion, these general characteristics of Arab investments are reflected in Ghana. To begin with, first Arab investment in Ghana is very small; second one or two attempts made have not been successfully planned and implemented; Third Libya remains, as on the continent as a whole, the single largest Arab investor and finally, there are numerous opportunities for the investment of Arab capital in Ghana. This is a vital area of Afro-Arab co-operation which must not be left unutilized as has hitherto been the case.

2. Ghana in Search of Arab Investments

Ghana's search for greater Afro-Arab economic co-operation has been mainly tilted in the direction of seeking concessional loans and grants for infrastructural projects. Very little effort has been exerted in the quest for Arab capital investments whether in the form of portofolio, securities and bonds or equity participation in joint ventures. This is not to suggest that Ghana is not interested in Arab investments. Virtually every delegation to the Arab countries has in addition to asking for loans and grants also raised the question of Arab investments in Ghana. Hence almost every delegation has also included a representative of the Capital Investments Board (now Investment Centre). Arab capital investments have been sought mainly from the gulf States. For example in 1981 a high-level government delegation from Ghana paid a visit to the United Arab Emirates to negotiate with officials of the Abu Dhabi Fund in the Government's search for foreign investment. After the 1973 oil price increases, the effect of the oil crisis on the Ghana economy prompted the Government to send a delegation to several Arab countries including Saudi Arabia for financial aid. The last item on the shopping list of the Ghanaian delegation, when it met King Faisal was a request for joint ventures involving Saudi and Ghanaian companies or state enterprises. This search for Arab investments since 1973 reflect an objective need for increased foreign investments to prop up the ailing Ghanaian economy which has been completely run down for the better part of the 1970's and early 1980's. Foreign capital investments are required not only to rehabilitate already tottering public and private enterprises but also for the exploitation of the country's enormous natural wealth the development of which, has been hindered by the lack of capital. Hence the rapid rate at which investment codes have been made with the object of attracting foreign capital investments into the Ghanaian economy. Two such codes, one in 1981 and another in 1985, have been made in recent times. The 1981 Code hit the nail right on the head when it stated 'it is considered vital to attract foreign investments in Ghana' (49). Therefore Ghana's general and specific efforts to attract Arab investments cannot be doubted.

3. The Arab Response

We have noted that Ghana's efforts to attract Arab Capital investments have not been vigorous enough. On the whole Ghana has appeared to be more interested in Arab loans and grants than in investments and trade. But it cannot be said that even if Ghana had been keener on capturing such investments, the Arabs would have been enthusiastic to respond. It has already been shown that by far the largest portion of Arab and OPEC Investments is in the economies of the advanced industrialized Western countries and the multi-lateral institutions located there. Even though interest rates on these investments are generally low, investments in the West are considered so very secure that returns on them are a secondary matter. The tables that follow show the location, amounts, interests on Arab capital as well as their sources in the Arab World.

Table 1: OPEC Investments 1974-78

	Billion $	%
United States	44.92	22.8
United Kingdom	7.30	3.7
Other Industrial countries	33.75	18.2
Euromarket	55.10	28.0
Developing countries		
Socialist countries	43.30	5.0
International Financial Institutions	10.35	5.0
Total	194.72	100

Source: Beshir, op. cit., p. 169.

Table 2: Net Foreign Assets & Interest Income (IIN)
(N.F.A. - in $ billions)

	1979		1980		1981	
	(NFA)	(IIN)	(NFA)	(IIN)	(NFA)	(IIN)
Saudi Arabia	77	6.9	118	11.6	150	10.7
Kuwait	45	4.0	64	6.6	84	6.3
Iraq	26	2.0	41	4.0	52	3.7
U.A.E.	18	1.6	26	2.6	34	2.4
Libya	12	1.0	26	2.3	35	2.4
Total	178	15.5	275	27.1	355	25.5

Source: Beshir, Op. cit., p. 170.

There is no evidence of the preparedness or even the willingness of the Arab countries to channel their investments away from the western economies into the Third World or Africa. Ghana's unenthusiastic quest for Arab capital investments represents more of a realistic recognition of objective conditions that of a below-standard performance in a competition to attract Arab investment Funds. To appreciate this point we shall take a look at Arab efforts to invest in the Ghanaian economy. Arabs have, since March 1981 when the Co-ordinating Committee met in Khartoum, made public proposals which will facilitate the investment of their Funds in African economies. We quote in extenso Beshir's summary of these proposals.

> "The first referred to the establishment of an Investment Guarantee Fund for Africa, similar to the Arab Authority Investment Guarantees. The Second referred to measures necessary for promoting Confidence such as the equitable distribution of profits, state guarantees for investments, compensation in the case of nationalization, legal and judicial guarantees for investors, exemption from customs duties on production machinery, and exemption from income tax for a definite period. The third proposal referred to the promotion on investment by the private sector as a supporting element to the existing institutional and government co-operation" (50)

On the whole most of these proposals are adequately met by existing African investment codes. For example Part IV of Ghana's 1981 Investment Code protected investors against expropriation of their investments and the compulsory cession of any part thereof to anybody (51). Double taxation was as far as possible to be minimized and free transferability of capital, profits or interest guaranteed. Similarly the Investment Code 1985 Part III confers this protection and guarantees on investments (52). The Investment Guarantee Fund can be established not by African countries but by Arab countries or jointly by African and Arab countries.

In spite of these guarantees Arab capital investments in Ghana have been very limited in seize and number. There is no record for example of any investments from the Gulf states in Ghana even though the Gulf countries have given considerable amounts in the form of loans to finance key projects in Ghana. Whatever little, Arab investment in Ghana is largely of North Africa origin. The rest is Lebanese and Syrian.

4. Libyan Ventures

By far the biggest Arab investor in Ghana is Libya. The Libyan Arab Foreign Bank (LAFB) has teamed up with the Ghana Government in a joint venture, the Ghana-Libyan Arab Holding Company (GLAHCO) in which the Ghana Government holds 5 % of the shares and the LAFB 45%. The holding company operates three subsidiaries, one a foreign exchange supermarket operation, the other a mining company trying to re-open a shut-down mine at Bibiani and the third an agricultural company. The agricultural subsidary, Ghana-Libyan Agricultural Company (GLAACO), has embarked on a 3730 hectare agricultural project at Mankordjie, a village in the Sokpoe Traditional Area of Ghana's Volta region. The project is estimated to cost over U.S. $31 million. The first phase of the project, which is a 200 hectare pilot scheme, has already taken off with maize and groundnuts under irrigation, already doing marvelously well. A yield of three to four tons per hectare is expected every season (53). This project is perfectly in accordance with the Ghana Government's objectives of providing food for the people of Ghana at all times. The foreign exchange component of the projects of the Holding Company is provided by Libya. Information on the projects is not easy to come by but it is obvious that the foreign exchange expenditures will be quite high, involving as it does, a mining venture, a large farm and foreign exchange supermarket. The unique feature of the agricultural project is that even though Libya shares in the management, all the experts are Ghanaians. No returns have as yet been reported on Libyan investments in Ghana and it is too early to make firm pronouncements on its outcome. The fact that they are considered and managed as commercial projects seems to indicate that given favourable economic and political conditions the projects are likely to be successful.

5. Algerian Feelers

Not all North African Arab countries have been able to initiate and implement successfully joint ventures in Ghana. Perhaps Algeria was the first Arab country to initiate moves to embark on joint venture investments with Ghana's Ruling Provisional National Defence Council (PNDC) soon after it had declared its revolutionary intentions in 1982. The Algerian Government through its embassy in Accra enquired about the possibility of embarking on a tripartite Joint Venture with the Government and a third party. Even though the Ghana Government showed interest in a joint venture of a bilateral character and even indicate its priority projects, the proposal was left to die a natural death and not much has been done since 1982 to resurrect it (54). It is not unlikely that the project may be revived in the future, if the Ghana-Algeria Joint Commission for co-operation functions effectively.

6. Kuwaiti Plans

Mertz and Mertz have pointed out in their recent and most up-to-date work on Afro-Arab Co-operation that:

> 'The record of Kuwaiti investment in Africa has not been successful. The reasons are instructive and suggest that significant future investment is unlikely'(55).

The outcome of contacts made in April 27th-30th 1985 between the Government of Ghana and the Kuwaiti authorities does not seem to support the inferences made by the two authors. It is clear that Kuwaiti authorities realizing the dwindling revenues from oil sales, would shift their emphasis from aid to non-concessional assistance particularly investments. Ghana submitted a list of six projects in transports, agriculture and energy sectors, for which loans and grants were being sought. The advice of the Kuwaiti Minister of Finance was that reduced oil revenues and a backlog of loan applications from third world countries had compelled the Kuwaiti authorities to adopt a new policy to finance not more than one project per country a year. Ghana should therefore present only the most important projects for consideration. Secondly Kuwait was not interested in financing projects other funding agencies had already begun. The most striking feature of the meeting between the authorities of Ghana and Kuwait was the revived interest Kuwait showed in investing in Africa (56).

Kuwaiti authorities advised that the Mpaha Agricultural Project which was to put 13,000 acres under food, livestock and poultry should be referred to private Kuwaiti Investors. Kuwaiti officials also expressed keen interest in investing in several sectors. First and foremost Kuwait was interested in purchasing equity shares in the National Investment Bank which is Ghana's oldest Investment Bank. Second, Kuwait expressed interest in projects in the tourism industry. Third, the Kuwaiti authorities were prepared to go into a joint venture in tuna fishing in Ghana. Finally in anticipation of the Ghana Government's decision to privatise certain public enterprises it could not continue to operate, the Kuwaiti authorities expressed a special interest in participating in the equity of the state-owned Drydock at Ghana's largest harbour town of Tema (57) Kuwait's interest in equity participation was clearly evident in other ways. In view of Kuwait's experience as a majority shareholder in the International Energy Development Corporation (I.E.D.C.) Ghana requested her expertise and financial support in oil exploration and production which at the moment was not attractive to oil companies. The Oil Minister of Kuwait pointed out that his Government would be prepared to help if it was availed with the necessary details but pointed out that Ghana's 40% - 60% formula could not attract investments. It is doubtful if Kuwait ever lost interest in investing in Africa. If she did as Mertz and Mertz argue then her interest is about to be renewed. What is more correct to say is that Kuwait and Arab investments in Africa have always been low. However if detailed proposals, attractive enough to foreign investors are made, they are prepared to consider.

It is too early to say what results, in terms of investments and not mere loans and grants, may come out of the useful contacts between Ghana and Kuwait. Much will depend as much on Ghana's persistence and the political will of the Kuwaiti authorities to promote greater Afro-Arab economic co-operation. It is hoped that both sides would muster enough determination to turn Afro-Arab Co-operation into an excellent example of South-South co-operation.

A discussion of Arab investments in Ghana would not be complete without a word about Lebanese businessmen in Ghana. Lebanese businessmen started arriving in Ghana in 1884 after most of them had failed to enter the United States and could not return to their native Lebanon for both financial and social reasons. They brought little or no capital and started as roadside peddlers of small consumer goods. With most Ghanaians operating as peasants who had little or no commercial interests, the Lebanese were able to lift themselves up from these humble beginnings (58). Through a combination of financial shrewdness, perseverance multinational patronage, sometimes colonial political support and dubious business practices the Lebanese have become an essential part of Ghanaian economy and society. Their modern affluence bears little resemblance to their humble origins. It is credit to both Ghanaians and the Lebanese that they have been able to live happily together in peace for one century. On the occasion of the celebration of their centennary in Ghana the Lebanese expressed gratitude to their Ghanaian brothers and sisters for one hundred years of hospitality and co-operation (59). Though this relationship has not been without strains and stresses, it is a quint essence of Afro-Arab Co-operation. Lebanese small and medium scale enterprises offer jobs, goods and services to Ghanaians who offer boundless hospitality, labour and co-operation.

7. Opportunities

In terms of investments in Ghana, Afro-Arab Co-operation has achieved very little for Arab investments in Ghana are few and far between. The numerous opportunities for Arab investment in the Ghanaian economy point both to how much remains to be done as well as the enormity of disappointments over past failures. There are enough investment opportunities in Ghana, for Arab capital. Such investments would certainly be worthwhile if they yielded good returns to Arab investors and promoted economic development in Ghana. But beyond this, these investments would be even more valuable for Arab and African peoples if they led to a complementarity between Ghanaian and Arab economies that would enable both peoples to reduce their dependence on the industrialized countries of the Western world. The basic principle for the identification of such investments is that they must be closely correlated with the resource endowments and the resource-demand of the two regions and peoples.

The Investment Code 1981 and the 1985 one give a clear indication of Ghana's priority areas of investment. These are agriculture, mining manufacturing for export, manufacturing based on local raw materials, construction and building industries tourism and energy (60). Arab capital cannot be expected to be interested in all these. Therefore the principle to follow is Arab resource need and demand and Ghana's resource endowments and needs; most Arab countries are largely oil-rich desert lands, with a thriving building industry e.g. Saudi Arabia is 98% desert the United Arab Emirates almost 100%, Kuwait 93,2% an Iraq 68%. Their demand for Ghanaian timber of all types is great. In the past five years or so Arab countries have enquired about Ghana's peeling logs, shred logs, sawn timber and rotary peeled veneers. Demand ranges from several hundreds of thousands to millions of cubic metres of timber. Arab investment in the development and processing of Ghana timber would therefore be in the mutual interest of Ghana and the Arab countries building industry. It seems therefore that the principle of Arab resource needs and demands and Ghana's resource endowments and needs would indicate that a fruitful area for Ghana-Arab joint ventures is the timber or forest products industry. This would meet Arab demand for timber and develop Ghana's economy by providing her with foreign exchange and jobs for her people. The problems of Ghana's timber industry are too well known to be repeated here (61). Suffice it to state here that these problems were so serious in the past that Ghana was unable to supply Algeria's demand for Ghana timber totalling several hundreds of thousands of cubic metres. Indeed between 1977 and 1982 Ghana could not supply Algeria's annual demand even though the Algerian Government was very interested in purchasing Ghanaian timber (62).

Timber, badly needed by the Arab building industry, is Ghana's third largest foreign exchange earner. And yet the industry has been so plagued with problems that it has not been able to contribute its quota to Ghana's development. The mining industry, the second largest foreign exchange earner, is beset with more serious problems. Existing mines have for nearly a decade been experiencing stagnation and decline in production. Not all the problems may be solved by the infusion of foreign, particularly, Arab capital. But the main ones can be eliminated if Arab capital investments can be made in good time. A recent study has listed some of these problems as:

"severe financial constraints caused by inadequate financial structure and lack of available ore reserves.

"Deterioration of physical plant and machinery due to age, poor maintenance and lack of essential spare parts.

"Operational difficulties due to shortages of essential consumable mining stores, which are in turn, attributable to the exiting bureaucratic import license system, inadequate letters of credit allocation.

"Deterioration of management ability and know how poor supervision, compounded by higher turnover of staff both expatriate and Ghanaian" (63).

The bulk of Ghana's mineral production is accounted for by five major companies i.e. The Ashanti Goldfields Corporation Ltd., the State Gold Mining Corporation, the Ghana National Manganese Corporation, Ghana Bauxite Company Ltd. and Ghana Consolidated Diamonds, all of which are members of Ghana Chamber of Mines. There is also the Diamond Marketing Corporation, which is a state-owned organization of marketing Diamonds produced by the Ghana Consolidated Diamonds and a large number of private diamond operators who account for a small proportion of the production. Three of the companies the State Gold Mining Corporation (S.G.M.C.) the Ghana National Manganese Corporation (G.N.M.C.) and the Diamond Marketing Corporation are completely state-owned. The rest have had 55% state share-holding since 1972 and Ghana Consolidated Diamonds has since 1982 joined the ranks of wholly state-owned companies (64). Apart from being major foreign exchange earners they provide jobs and pay huge sums of various kinds of taxes, duties and levies. For example in 1979-1980 the mineral companies earned for Ghana foreign exchange equivalent to C624,205,920; in 1980/81 it was C550,858,939 and 1983 C1,156,487,000 (huge because of devaluation). In terms of employment they offered jobs to 22,308 Ghanaians and 131 expatriates in 1978-79. In 1979-80 about 23,452 Ghanaians and 121 expatriates were on the payroll of the mines. The figures for 1980/81 were 22,928 and 127. Taxes, duties levies, etc. paid by the mining companies have been similarly encouraging. In 1979/80 this was C543,282,724 and in the following year, C515,611,142. Stagnation and decline in this sector therefore means fewer jobs reduced foreign exchange earnings and lower tax payments to Government. Monopoly capital by means of loan capital is helping to stem the tide of stagnation and decline, of course in its own interest.

In spite of foreign assistance to existing mines Ghana still forgoes considerable amounts of foreign exchange, jobs for its people and tax earnings because of large deposits of minerals which remain untapped for want of capital. Arab investments could help Ghana surmount this difficulty. There are three categories. There is on the one hand those mineral deposits on which enough information concerning their large-scale future exploitation exists. These include deposits of Gold, Bauxite, Iron ore. Limestone and Kaolin located on twenty different sites. The second category includes different deposits of Bauxite, Iron ore, Columbite, Tantalite, Andalusite, Barytes, Ilmenite and Diamonds on about twenty-one different locations. The third category includes deposits, mainly of Gold but also including a few of Marble, Nepheline and Chromite, in sixteen different areas. These require a lot of work to be done on them before exploitation can begin. There is a fourth category of miscellaneous deposits of Petroleum, Radioactive minerals, Jasper, Feldspar, Limestone, Clay Silicate Jasper and Salt (65).

Ghana is rich in minerals. Whereas cocoa, the largest foreign exchange earner is in the hands of thousands of small-scale (peasant) farmers, minerals require large-scale investments. Therefore Arab capital investments can help in the exploitation of Ghana's mineral while Ghana can supply Arab demand for certain types of minerals. This is one effective way in which the two economies can be made complementary to reduce their dependence on monopoly capital. Since 1975 the prices of mineral exports especially that of gold which hit freak levels for a short time in 1981 has been dropping. This is a consequence of the recession in the West and should rise with recovery. It should therefore not be an obstacle to co-operation in mineral ventures.

Arab capital investments could also help Ghana develop tourism to increase Ghana's foreign exchange earnings. Ghana has three major tourist zones. First, the coastal strip where ancient forts and castles are located; second the shores of the Volta Lake the largest of its kind in the world and the beautiful game reserves in the Northern part of the country. The main problem Ghana faces in the tourism sector is the capital to provide the requisite facilities for tourists in these three zones - excellent hotels and recreational facilities etc. etc.

Ghana's tropical conditions favour the production of a wide range of fruits and fresh vegetables. A list of exportable products prepared by the Ghana Export Promotion Council includes Tomatoes (fresh and chilled) mashrooms, green leaves, fresh okro, asparagus, onions shallots (fresh and chilled) fresh oranges, lemons and lime, grapefruit, fresh banana, cashew nut (raw), tiger nuts, kola nuts (fresh and dried) fresh pineapples, melons, pawpaws, prickly pear, fruit and vegetables juices (orange, pineapples lime, tomatoes), ginger (dried fresh, whole or split) black pepper, chillies, capsicums. Honey is another product on the list. Arab capital could help in the large-scale production of these products for both the Arab and other markets (66).

8. Form of Ownership

Ghana's Investment policy is now quite flexible and provides for different forms of ownership. There can be joint ventures between Private Arab Capital and Private Ghanaian Capital and/or the Ghanaian state. Similarly Arab State capital can team up with Ghanaian private or state Capital. The percentage of ownership to be held by partners can be negotiated. Further, new alternatives such as wholly owned Arab companies may be made possible by changes in the investment law to promote greater Afro-Arab co-operation.

If Afro-Arab co-operation is to be advanced with a view to creating an economic space of the Terramedia to optimize opportunities for independent development, the vast capital resources of the Arab countries and rich natural resources of Africa must be brought together. By investing Arab capital for the exploitation and processing of Ghana's resources mutually beneficial development can be promoted. What is left is the necessary institutional framework to promote the idea of investing Arab capital in Ghana for the mutual benefit of the two peoples. Ghana already has "The Ghana Investments Centre" established since 1981 which performs inter alia the following functions:

"(a) to collect, collate, analyse and disseminate information about investment opportunities and sources of investment capital and advise upon request, on the availability choice or suitability of partners in joint venture projects;

(b) to identify specific projects and invite interested investors for the implementation of such projects;

(c) to initiate and organise promotional activities such as exhibitions, conferences and seminars for the stimulation of investments" (67).

National investment institutions are useful but in themselves not adequate for the purpose of promoting and guaranteeing the security of Arabe investments in Africa. Multilateral Afro-Arab institutions sponsored by the OAU, the African Development Bank and Arab financial and political institutions such as the Arab League and BADEA would be suitable for inspiring the necessary Arab confidence in African investment. The way to South-South Co-operation cannot be expected to be easy. If both African and Arab countries are determined to free themselves from the shackles and injustices of their age-old dependence on the north then no sacrifice should be too onerous to bear to smoothen the way to greater Afro-Arab co-operation through greater Arab investments in Africa. Such a co-operation has every potential of developing into a model for South-South Co-operation, especially now that exchanges rate policy and free transferability of dividens profits and interests have been guaranteed. Moreover changes or modifications in investment policy in the greater interest of Afro-Arab Co-operation are always possible.

Conclusion

The New International Economic Order which the developing countries have been striving for since the 1970's, will not be easy to achieve without intense efforts by the Third World countries to co-operate vigorously among themselves. South-South co-operation in many fields will enable the countries of the South first, to do something to alleviate their own plight in the old world order and put pressure on the North to show more understanding. Afro-Arab Co-operation could be an excellent example of South-South Co-operation. There exist in both the Arab and Sub-Saharan countries enough resources to build an adequate economic space to reduce their dependence on the North. Increased Arab aid and investments to Africa could stimulate higher production in Africa to meet both African and Arab needs while increased Afro-Arab trade would not only afford a means of satisfying each others needs but also place in the hands of African countries enough foreign exchange to meet their other needs from abroad.

For aid, trade and investments to be increased the necessary conditions must first of all be provided. Investments must be secured and returns attractive. In the same way aid can support only projects that are viable and can stimulate production. Obstacles to trade such as poor shipping links should be removed. Further the role of each form of economic relation (aid, trade and investment) in advancing Afro-Arab co-operation should be examined and clearly defined. Each form of economic relation should play a definit but complementary role to advance Afro-Arab co-operation. So far as Ghana's experience is concerned a lot remains to be done before Afro-Arab Co-operation can effectively advance South-South co-operation. Arab aid and investments in Ghana remain small and the level of trade low with the balance favouring the Arab countries. What this calls for is not despair but a strong political will to promote stronger Afro-Arab Co-operation to push South-South Co-operation forward.

Footnotes:

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APPENDIX I: Arab Aid to Ghana 1975-1985

Donor	Project Name	Date Signed	Amount of Loan million $	Inter-Est %	Grace Period Years	Repayment Years
1. OPEC Fund	Balance of Payments support	3/2/77	7.8	0.75	5	20
2. OPEC Fund	Kpong Hydro-Electric	12/9/79	3.7	0.75	4	20
3. OPEC Fund	Line of Credit to National Investment Bank	18/2/80	1.5	0.75	4	20
4. OPEC Fund	V.R.A. System Improvement	18/7/80	6	0.75	4	20
5. OPEC Fund	TEMA Food Complex	Sept.'85	6	0.75	4	20
6. BADEA	Ashanti Cocoa Project	27/6/75	5	4	5	17
7. BADEA	V.R.A. Kpong	10/4/77	10	6	5	12
8. BADEA	Rehabilitation of A.T. & P/Gliksten	1985	9	7	3	8
9. Saudi Fund	Kpong Hydro-Electric	13/2/77	32.5	2	5	15
10.Saudi Fund	(1. Science College (2. Rehabilitation of TEMA & Takoradi Ports (3. Hospital Rehabilitation	Sept.'85 " "	32	2	5	15
11.Kuwait Fund	V.R.A./Kpong	25/4/77	30.5	3.5	4	15
	Total		192.73			

Appendix II: Direction of Trade analysis of value of Imports exports by Principal countries - Arab countries Jan.-Dec. 1975-79 in Cedis = C

	1975 Imports	1975 Exports	1976 Imports	1976 Exports	1977 Imports	1977 Exports	1978 Imports	1978 Exports	1979 Imports	1979 Exports
Algeria	4655	101152220	90	2022390	21900	331419	19519145	870	13782676	30383
A.R.E.	3571981	6291612	2909699	2101162	3510951	4256301	5556735	6413807	1035097	254467
Iraq	8618372	283012	6904060	12770	5203	-	21696	80	3725	-
Jordan	-	-	44	-	16009	-	-	-	120	-
Lebanon	3143603	396542	2119564	950	1532900	460058	-	-	1128914	114937
Libya	49078528	880	9930429	4547	-	1292	1900	-	41833769	17794
Morocco	-	-	608448	160	242724	7485	2614	80	1012986	350
Syria	1907	242539	11507	811195	59339	1855679	-	456005	-	1430
Tunisia	-	-	82020	-	29139346	335	3212582	18128	21732711	-
Total trade with the World	909296510	928264994	990691122	950908504	1195312459	1166138320	1681776807	1580556895	234174243	2736808991 2nd
Trade with Arab countries as % of trade with World	6.0%	11.0%	2.0%	5.0%	2.0%	0.264%	1.68%	0.436%	3.435%	1.0%3rd
Total trade with Arab countries	64602844	108372355	22565861	5067174	34573372	3081907	28314672	6898448	80529998	41936 1st

APPENDIX 3: Balance of Trade in Cedis = C

	Imports	Exports	Imports	- 258592144
1975	64602844	108372355	Exports	+ 30938874
1976	22565861	5067174	Balance	- 227598270
1977	34565861	3081907		
1978	28314672	6898448		
1979	80529998	41936		
Total	258592144	30993874		

Source: External Trade Statistics 1975-79 C.B.S., Accra

APPENDIX 4: Direction of Trade for Timber Exports 1977-84 - Arab Countries

COUNTRIES	1977		1978		1979		1980		1981		1982		1983		1984	
	Vol.M3	Val. $	Vol.M3	Val. $	Vol.M3	Val. $	Vol.M3	Val. $	Vol.M3	Val. $	Vol.M3	Val. $	Vol.M3	Val. $	Vol.M3	Val. $
Algeria	3175	2759011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Saudite Arabia	2636	604435	-	-	-	-	3611	766404	3941	404095	1075	89623	2324	301330	3184	379081
Lebanon	20635	1996539	504	82438	-	-	668	24597	535	131425	851	102072	1303	150898	-	-
U.A.E.	356	94559	-	-	-	-	1190	304478	-	-	-	-	-	-	-	-
A.R.E.	15756	1083119	11099	1350832	4693	507585	6281	924939	-	-	-	-	-	-	-	-
Syria	9709	994365	-	-	3895	682468	500	52023	-	-	-	-	-	-	-	-
Total Arab Timber																186269
Trade	52249	8332028	4683	1433270	8538	1100053	12330	2072426	4476	615520	1926	192495	7605	714438	6207	56350
As % of World																
Total	9.646%	15.38%	2.249%	2.249%	2.973%	2.676%	6.60%	5.017%	3.805%	3.019%	1.924%	1.254%	7.0%	5.0%	4.0%	3.0%
Total Timber																
Exp. to World	541642	72652908	5402741	63707409	288789	44462666	186818	41303436	117620	20387310	100055	15340662	117279	14070340	147059	19231292

Source: Ministry of Trade.

RESUME

Le Ghana de Nkrumah joua un rôle capital dans la genèse du concept de Coopération afro-arabe. La place du Ghana dans la coopération afro-arabe en principe ravivée après 1974 reste modeste, au plan commercial, des transferts publics comme des investissements privés. Pourant, les potentialités ne manquent pas. L'analyse des relations de coopérations entre le Ghana d'une part, l'Algérie, la Libye et l'Arabie Saoudite d'autre part permet d'étayer cette hypothèse de l'existence de potentialités importantes. Tout en soulignant le fait que les relations sont empreintes d'assymétrie, l'auteur demeure optimiste quant à l'avenir dans sa conclusion.