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**DEVELOPMENT OF CHAMBERS OF COMMERCE AND INDUSTRY  
AND THEIR ROLE IN PROMOTING SOUTH-SOUTH  
INTER-REGIONAL TRADE**

**Note by the UNECA Secretariat**

## INTRODUCTION

1. This brief note highlights the contribution of chambers of commerce and industry <sup>1/</sup> can make in promoting Africa's trade, especially trade with other regions from the South. The note is presented in three chapters. In the first chapter, it reviews the main functions and types of chambers of commerce. The second chapter presents a brief analysis of the evolution of African chambers of commerce. The third chapter is devoted to the role of chambers of commerce in promoting South-South trade.

## CHAPTER I: FUNCTIONS AND TYPES OF CHAMBERS OF COMMERCE <sup>2/</sup>

### A. FUNCTIONS OF CHAMBERS OF COMMERCE

2. The main functions of chambers of commerce consist of ensuring direct representation of economic interests in government circles; assisting members of the chambers in dealing with public authorities; and providing their members with business information, studies and publications. Chambers play an important role in promoting imports and exports, through, *inter alia*, training on export techniques and problems, organizing trade missions to foreign countries and storing trade and economic information for use by the business community. Chambers of commerce throughout the world co-operate to exchange trade information and other relevant information.
3. Chambers of commerce provide to their members a privileged forum to discuss issues pertaining to their professions. It is in such fora that they debate the best strategies for ensuring a better organization in their respective activities. In addition, chambers of commerce constitute a framework for conflict resolution among members, usually in close cooperation with the commercial courts. Representatives of chambers of commerce usually take part in such court proceedings.
4. The activities entrusted to chambers vary from country to country. In some countries, chambers are engaged in activities such as port management; transport management; administering research and training

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<sup>1/</sup> Under this general title, the appellation "Chambers of commerce and industry" or "chambers of commerce" or "chambers" designates all sorts of chambers that exist in Africa: chambers of commerce, industry, agriculture, handicrafts, fisheries, mines, and forests.

<sup>2/</sup> This chapter draws information from the ITC publication on "Export promotion by Private Sector Organizations", Geneva, 1971.

centres; running free trade and industrial zones; establishing general warehouses and depots; administering quality control bodies; acting as secretariat for committees dealing with trade fairs, exhibitions and tourist activities. These activities are in addition to their traditional functions as described above.

## B. TYPES OF CHAMBERS OF COMMERCE

5. Generally, four main types of chambers of commerce are distinguished:

- a. Local chambers of commerce;
- b. National chambers and national unions of chambers;
- c. Bi-National chambers of commerce;
- d. International chamber organizations.

### a. Local chambers of commerce

6. Local chambers of commerce are private, semi-private or public organisations that represent commercial interests of their members. They usually operate through specialized committees or commissions, under supervision of a general secretariat. Local chambers of commerce work in tandem with the Government. The latter seeks views of these organizations on various economic issues relating to the fields and locality they cover.

### b. National chambers and national unions of chambers

7. National chambers and unions are groupings of local chambers of commerce and/or local unions of chambers, whose main objective is to coordinate interests of these different groups and strengthen their position. In fact, the small local chambers usually derive the greatest advantage from this type of association, since their views can be supported by a greater number of individuals.

8. Each member of the national chamber or union contributes to the budget of the organization according to its size. Sometimes, Governments provide subventions to assist in the organization of national chambers and unions.

9. There are four main organizational types of national chambers and unions:

(i) A single national chamber that covers all fields of economic activity, such as the Burundi chamber of commerce, industry, agriculture and handicrafts;

(ii) Different national chambers for different types of economic activity, such as the chamber of industry, the chamber of agriculture, the chamber of commerce of Côte d'Ivoire;

(iii) A single national federation of chambers, such as the Federation of Egyptian chambers of commerce and the Union of Senegalese chambers of commerce and industry;

(iv) Several national federations of chambers within one country, such as the Zambia Confederation of Industries and chambers of commerce.

c. National chambers abroad and bi-national chambers

10. National chambers sometimes may set up chambers in foreign countries to promote their interests. These subsidiary organs are often engaged in promoting exports from their own countries or attracting foreign investment. They are usually called national chambers abroad. Their membership is often opened to business circles of the host countries in order to facilitate business contacts.

11. Whereas national chambers abroad focus mainly on the promotion of exports from the home country, bi-national chambers encourage exchange in both directions. The organizational type of bi-national chambers is four fold. The most common form of bi-national chambers is that of chambers with one or more offices in the host country only, even though their membership includes firms in the home country. Other forms are those of chambers with offices in both the home and host countries, and chambers that are established in the host country but with a representative in the home country to deal with particular problems. The last category is that of chambers established in a particular host country but organized independently. Examples of national chambers abroad and binational chambers include the Tunisian-American chamber of commerce; the French chamber of commerce and industry in Algeria; the Italian chamber of commerce in Egypt; etc.

d. International chamber organizations

12. International chamber organizations vary in type and include associations of binational chambers, sub-regional grouping chambers, regional and international ones.

## CHAPTER II: DEVELOPMENT OF CHAMBERS OF COMMERCE AND INDUSTRY IN AFRICA

13. All African countries have established either national chambers of commerce or unions or federations of chambers. In several countries, the latter were established even prior to the attainment of political independence. These chambers were relatively developed because national trade was controlled by foreign businessmen who had several trade links with their counterparts in their home and other foreign countries offering them with opportunities.
14. In the wake of political independence, most African countries nationalized several sectors of their economies as a way of trying to control exploitation of the national resources. As a result, the foreign business community was in some cases forced to hand over their business to nationals. The activities of the chambers slowed down during this apprenticeship period.
15. The public sector remained the main economic operator in several African countries for a long time after independence. This situation, combined with the different crises that occurred in the seventies and eighties, resulted in a general contraction of economic activities and hence those of chambers of commerce and industry.
16. Events of the last decade, both in terms of the performance of public enterprises in Africa and the dismantling of centrally planned economies in Eastern Europe, appear to have given credence to the efficiency of the "market system institution" based on private initiative. In this context, the role of chambers of commerce and industry was revitalized through, *inter alia*, increased membership and financial resources. This dynamism was encouraged by the international community which provided, in some cases, direct financial and technical support to the national private sector through national chambers of commerce.
17. In order to promote more intra-African trade, the Heads of State and government of African countries adopted in 1980 the Lagos plan of action which recommends the establishment of national chambers of commerce (where they do not exist ) with a view to setting up subregional associations and an African Federation of Chambers of commerce.
18. On the sub-regional level, national chambers of commerce and industry constituted themselves into federal entities. These include: the Preferential Trade Area for Eastern and Southern African States (PTA) Federation of chambers of commerce and industry; the Federation of central African chambers of commerce and industry; the Economic Community of West African States (ECOWAS) Federation of chambers of commerce and industry.

19. On the regional level, the Federation of African Chambers of Commerce (FACC) was created at the Inaugural meeting of its General Assembly which took place in Addis Ababa, in September 1984. Membership of the Federation extends to national chambers of commerce and related organizations in Algeria, Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo, Djibouti, Egypt, Equatorial Guinea, Ethiopia, Gabon, Ghana, Guinea, Guinea Bissau, Mali, Niger, Nigeria, Senegal, Sudan, Togo, Tunisia, Zaire, Zambia, and Zimbabwe.

20. The Federation of African Chambers of commerce was established to tackle several problems of importance to the private sector's survival in modern business in accordance with its stated objectives. The stated objectives of the Federation of African Chambers of Commerce are stipulated as: (i) the development of domestic markets; (ii) the promotion of intra-african trade; (iii) the diversification of trade relations towards non-traditional partners such as Asian, Scandinavian and Latin American countries; (iv) the progressive control of trade by African nationals and state corporations.

21. A number of problems exist in many African countries which have inhibited the effective contribution of the private sector to the development of African economies. These problems include the lack of entrepreneurial managerial capacity, the inadequacy of the institutional framework for confidence building between the private sector and African governments, and the weakness of the policy framework for domestic resource mobilization. Effective national and sub-regional chambers of commerce can make an important contribution to Africa's development.

22. The Federation of African Chambers of Commerce, notwithstanding its establishment in 1984, has not been able to tackle the above issues because it is not yet operational. This is mainly due to the fact that the Secretariat of the Federation has not been established up to now as provided for in Article 2 of the Draft Headquarters Agreement between the Federation of African Chambers of Commerce and the Arab Republic of Egypt. The United Nations Economic Commission for Africa continues to act as the Interim Secretariat for the (FACC) It is essential therefore that a decision should be reached on whether the Federation of African Chambers of Commerce should continue to exist and where the Secretariat should be based.

23. It should be stated that the contribution of Chambers of commerce in trade promotion stood below expectations. This was due to a range of operational problems including financial constraints; lack of skilled human resources; poor infrastructure and organizational constraints. In some cases, Chambers of commerce were operating in conflicting situations with Government authorities. This was true, for instance, in situations where the private sector was facing trade competition from enterprises from the Public sector.

### CHAPTER III:ROLE OF CHAMBERS OF COMMERCE IN PROMOTING SOUTH-SOUTH INTER-REGIONAL TRADE

24. Market diversification is an essential element in ensuring an increased share for African in world trade. Few efforts, however, have been made towards this end. Chambers of commerce and industry have an active role to play in the promotion of Africa's trade. South-South trade offers great potential for substantially increasing Africa's share in world trade. Chambers of commerce can assist in this endeavour by undertaking a number of specific activities that would allow greater knowledge of existing and potential market opportunities, their access and in assisting members to negotiate trade deals. Organization of trade missions for members of chambers of commerce ensures contacts with businessmen in other regions.
25. With regard to trade information dissemination, each chamber should have at its disposal a trade information database connected to other chambers both at subregional, regional and inter-regional levels. As a matter of illustration, it should be recalled that the PTA subregion has established a computerized trade information network at the PTA Headquarters and in all member states with four databases in order to provide information on where to export and from where to buy in the PTA subregion. It would be advisable that all subregions, which have not yet done so, establish similar trade information networks.
26. At the continental level, as provided in the Treaty establishing the Pan-African Economic Community, urgent steps should be taken to implement the Pan-African Trade Information System (PANAFITIS) with a view to linking it with other trade information networks in the South. Meanwhile, African chambers should improve and disseminate to other chambers in the South their existing and future trade directories. In addition, action should be undertaken with a view to bringing into operation the Federation of African Chambers of Commerce (FACC). In this context, more African chambers should be invited to join the Federation in order to reinforce its network. In the same token, it might be useful to African chambers that have not yet done so to consider developing business relations with South Africa in the light of the new political developments taking shape in that country.
27. Trade fairs are one of the oldest and best trade information mediums. Whereas African countries have been very active in organizing and participating in subregional and regional trade fairs such as the regular OAU All-Africa Trade Fairs, African Chambers should strive to allowing their members to participate in international trade fairs, particularly those held in the South. Chambers should particularly assist their members in providing them with the programme of scheduled trade fairs and any other required assistance in order to facilitate their effective participation.

28. In addition to trade fairs, African chambers should, in collaboration with other chambers from the South, encourage direct business contacts through, *inter alia*, trade mission exchanges; buyers/sellers meetings; joint workshops and seminars as well as business tours. Furthermore, African chambers should explore possibilities of establishing bi-national chambers with some selected developing countries offering relatively important business opportunities such as India, Brazil, Indonesia etc.

29. It should be stressed that all policies geared towards development of national, subregional and regional chambers of commerce can be successfully implemented through effective recognition by national authorities of the importance of market forces and the pivotal role to be played by the private sector in national economies. African Governments should, therefore, among others: integrate the business community in the decision-making processes; improve and encourage regular dialogue between the latter and national authorities; reinforce their respective national chambers in collaboration with the international donor community in providing them with financial and technical support. It is imperative that African countries keep an ongoing dialogue with chambers of commerce and incorporate these organizations not only in the implementation of national development but also in their conceptualization and formulation.

30. On its part, the UN ECA Secretariat will continue providing its technical assistance to the African business community through, *inter alia*, its regular publications such as the **Flash on Trade Opportunities; Directory of Chambers of Commerce, Industry, Agriculture and Mines; African Trade; Trade Directory**; organization of business study tours; and the preparation of and participation in subregional and regional trade fairs; as well as undertaking studies on increasing the role and effectiveness of the private sector in promoting development in Africa.

## CONCLUSION

31. The late eighties witnessed the resurgence of the private sector in African economies which is becoming more and more dynamic. However, the structural framework and the environment for an effective participation of the private sector in the development process has been lacking in many-African countries. Strengthening national chambers will attract more members who will increase their trade and marketing skills through different training and information schemes offered by their chambers. This will enable them to become more aggressive in both national and foreign markets, and will increase their participation in intra-regional as well as South-South trade. The support of African governments and the international community in dynamizing African Chambers of Commerce is essential in making these organizations more effective.

32. Subregional and regional chambers will reinforce these national structures in integrating them into a network and in supplementing their activities related to international trade relations. To this end, it is desirable that the Federation of African chambers of commerce be operational as soon as possible. In the meantime, the UN ECA Secretariat will continue to serve as its interim secretariat.