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REVIEW OF ACTIVITIES OF AFRICA TRADE CENTRE

M71-215

Review of Activities of Africa Trade Centre

1. The Africa Trade Centre was established in March 1970 under the aegis of the ECA in pursuance of a resolution of the member Governments, recognized the paramount importance of:

- (a) increasing export earnings of member countries;
- (b) increasing intra-African trade which at 7 per cent is the lowest for any region in the world;
- (c) co-ordinating the efforts of the several international agencies in the field of export promotion;
- (d) restructuring African commercial structure as to bring about a greater degree of Africanization.

2. The difficulties in the attainment of these objectives cannot be minimized. Practically, all developing member countries of the African region are dependent on one or two primary commodities for their major export earnings. It is unlikely with the declining prices of the primary commodities that any increase in export earnings can be expected from this sector, even if a higher productivity is attained. Export promotion with particular emphasis on diversified agriculture, processed agricultural products and manufacturing export-oriented products therefore becomes a vital necessity for increased export earnings.

3. For increased intra-African trade there is hardly any exchange of information of exportable goods among member countries. Established trade links, and contacts among businessmen are practically nil. Business patterns of individual countries are unknown to each other. Transport, both external and internal, act as heavy barriers. Besides consumer preferences for extra-regional goods which have been built over the years by metropolitan powers have to be broken down. Currency problems and external preferences are further obstacles.

4. Restructuring African trade too is beset with problems. The private sector of most developing countries are small units which can hardly exploit new markets or take any risks in penetrating unknown markets. The commercial

intelligence and other intra-structure facilities for developing export business such as export-houses management agencies, freight forwarding agencies, financial institutions, insurance facilities are practically non-existent Africanization should be pursued, while at the same time preserving a favourable climate for foreign investment.

5. On the supply side too hardly any research has been done on the processing of goods or in new forms of presentation. No new uses have been developed for the primary commodities which still continue to be traded in the traditional way. In respect of consumer goods which most developing countries have started to manufacture on an import substitution policy, competitiveness, quality, design, presentation have to be vastly improved to be traded internationally. These goods are sold in a protected market and the producer finds no incentive for improvement or for foregoing the high margin of local profit when the profit margin in export is necessarily very much lower and can only be balanced by high turnover. Besides organization of small production units whether it be in the agriculture sector or in the manufacturing sector for export requires special managerial expertise, both to ensure quantity and quality. Collection from widespread units may present several problems. Ensuring of standards in diverse production units is a major difficulty. Too often than note, it has been the experience of developing countries, that they are unable for supply reasons, to even execute a single export order of the minimum viable volume for the buyer. This is particularly true of such products as fruits, horticultural products handicrafts, exotic agricultural products etc.

6. Overriding all these factors is that few developing countries have initiated a conscious and concerted export promotion policy with the necessary framework for effective implementation.

7. The Africa Trade Centre in furtherance of the major objectives defined in the resolution and the difficulties confronting these objectives has as its major aims:

- (a) developing an export consciousness in the member countries and helping them formulate a co-ordinated export promotion policy and effective implementation thereof;
  - (b) strengthening the national machinery for export promotion in member countries;
  - (c) co-ordinate the trade promotion activities of other international bodies in an intimate co-operation with the International Trade Centre.
8. Its main activities will fall under five main headings:
- (1) Training of African personnel in trade promotion and business management;
  - (2) Market research and commercial intelligence, especially with regard to intra-African trade;
  - (3) Assistance for establishing and streamlining national trade promotion organizations and programmes;
  - (4) Advisory services to countries or enterprises in promotion, training and projects for trade classification;
  - (5) The creation of an up-to-date documentation unit to serve other sections and the outside demand.

The Centre is primarily a service institutions for member countries with a practical orientation for implementing of trade promotion policies and facilitation of intra-regional trade.

9. The continuous work programme envisaged for the next five years is as follows:

- (a) A regional trade promotion advisory service;
- (b) Simplification of documentation and procedures in foreign trade;
- (c) Study of export incentives and disincentives in African countries;
- (d) Commercial information and market research, an inventory of existing enterprises and products in each country of the region listing turnover, sales, capacities with possible projections for the next 3 to 5 years will be needed. Market studies on selected products of major importance for intra-African trade will also be undertaken;

- (e) A publication programme which will provide member countries with both current information and reference material;
- (f) A documentation unit with an efficient and up-to-date information on Africa trade;
- (g) A training programme which will be of four types:
  - (1) Regional trade promotion training courses for junior executives and business organizations;
  - (2) Commercial policy and trade promotion for senior government officials;
  - (3) A local basic training programme for junior promotion executives;
  - (4) An in-service training programme for junior promotion executives.

10. Besides this continuing annual programme, two major projects are also envisaged, an inter-African Trade Symposium in late 1972, where each country is expected to send 3 delegates representing importation, exportation and commercial policies. In this symposium the major theme will be facilitation of intra-African trade. Consequent to this symposium, it is hoped to create an Africa Trade Promotion Association.<sup>1/</sup>

11. The objectives, aims and the work programme of the Africa Trade Centre are ambitious and challenging. The Trade Centre started operations in late March with a skeleton staff of a co-ordinating officer (lent through the good offices of the Norwegian Government and the International Trade Centre), a Regional Trade Promotion officer, an assistant economic officer and a documentation officer, found from the regular staff of ECA. Despite limited staff the progress achieved during the last few months have been significant:

- (1) English and French-speaking ECA/ITC courses on international marketing of particular products of interest to selected countries were organized in Addis Ababa and Geneva during the first half of the year. Forty executives from 7 countries participated. Reports made by these delegates on products such as livestock, hides and skins, sesame and castor seeds, oilcakes, gum Arabic, oilseeds and ginger were of immediate practical importance to the countries which are major exporters of the products, they also provide very useful background information;

<sup>1/</sup> See paragraph 12.

- (2) English and French-speaking ECA/GATT courses on commercial policy and export promotion were organized in Monrovia and Lome in October/November 1970. Fifty civil servants from 20 African countries participated in these courses. The reports of these courses are awaited. It is hoped to re-orient these courses to workshop methods based on case material for African countries;
- (3) Twenty African countries have been visited by the Centre staff and economic data collected on them. These will be assembled, evaluated and published as a first volume of "Your African Markets". The first volume will cover the East African countries;
- (4) The documentation unit has been established. Member countries had been asked to supply materials for the unit. Trade promotion organization and other international sources of information have been contacted. The documentation unit now has the basis data on each of the African countries as well as on products of major significance;
- (5) Commercial intelligence - requests from member countries for commercial intelligence are being attended to. In addition market research service at the request of member countries are to be undertaken in conjunction with the ITC ;
- (6) Work is in progress on
  - (a) incentives and disincentives;
  - (b) intra-African trade symposium;
  - (c) intra-African Trade Association;
  - (d) trade and investment promotion;
  - (e) export programming and development;
  - (f) export insurance.
- (7) A paper "Trade Priorities in West Africa and How to Exploit Them" will be the subject of a discussion at the forthcoming Ghana Fair and Symposium in September 1971;
- (8) Contacts have been made with several developed countries in an attempt to find both experts and extra budgetary finance for the Trade Centre. Trade promotion advisers on a bilateral basis are being negotiated with Norway, Netherlands and Belgium. The

United States has already promised a training officer. Finland will be making available the services of a senior trade promotion expert. The UNCTAD will provide the services of an inter-regional advisor in trade documentation at the request of individual member countries, the Belgium Government is expected to finance the documentation unit.

12. The ground work for Africa Trade Centre has been firmly established the plan and programmes of action effectively devised and a good start made in making the Centre function. The fifth ECA/OAU meeting on Trade and Development held at Geneva in August 1970 congratulated the ECA on the speedy establishment of the Trade Centre and noted with appreciation that the Centre had immediately embarked on the implementation of its work programme. This meeting while endorsing the objectives and work programme desired that special emphasis be paid to:

- (a) field studies and advice on practical problems facing African countries;
- (b) assisting African countries in Africanizing and restructuring their commercial sectors.

13. The meeting also endorsed the proposal to have an African Trade Promotion Association. It requested that ATC should assist commodity producing countries in launching joint advertising and promotion campaigns. The meeting also expressed the desire that there should be close co-ordination with the ITC and that the Africa Trade Centre should be the main channel through which funds and experts in the field of trade and export promotion would be provided to Africa.

14. There are, however, some pre-requisites if the Centre is to effectively function and to have positive values to member countries. These are:

- (1) The active support of member Governments in getting their national agencies to provide information and effective liaison with the Centre and in securing finance;

- (2) An adequate expert staff who form the Centre should not only be specialized in their particular fields, but also be sympathetic to African aspirations;
- (3) Most important financial resources on a firm 3 year basis such that work can progress according to schedule. It is true beyond doubt that unless a minimum amount of funds are available for promotion any expenditure below this will not give effective results;
- (4) Effective support of other international agencies in particular the ITC, the UNDP, UNIDO, UNCTAD and FAO;
- (5) Flexibility of operations for the Centre to have direct contacts with governments, trade personnel, promotion agencies, and other international agencies;
- (6) An effective public relations campaign which will focus the attention of the African countries on the Trade Centre.

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