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ORGANIZATION OF AFRICAN UNITY

First Meeting of the Preparatory Committee  
of the Association of African Trade Promotion  
Organizations

Addis Ababa, 3 - 7 July 1972

**ASSOCIATION OF AFRICAN TRADE PROMOTION ORGANIZATIONS**

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## I. INTRODUCTION

1. The Fifth ECA/OAU Joint Meeting on Trade and Development held in August 1970 recommended that the Africa Trade Centre should assist African countries in establishing an association of African trade promotion organizations. The Conference of Ministers of ECA endorsed this recommendation in February 1971. <sup>1/</sup> The ECA/OAU Joint Meeting considered the matter again at its Sixth Session in August 1971 on the basis of document E/CN.14/WP.1/39; OAU/TRAD/38 and re-confirmed the necessity of establishing the association "with a view to promoting the exchange of ideas on and experience in African trade and trade promotion and assisting African governments in the formulation of trade policies conducive to trade expansion and increased intra-African trade." <sup>2/</sup> The All-Africa Symposium on Intra-African Trade held at Nairobi from 28 February - 3 March 1972 considered the matter further on the basis of the same document and decided to support the formation of the Association <sup>3/</sup> and enumerated the steps to be taken towards its realization.

2. This document is being prepared in accordance with the report of the Symposium and the decision of the Preparatory Committee <sup>4/</sup> (established by the Symposium) requiring a revision of the original document on the subject (E/CN.14/WP.1/39; OAU/TRAD/38).

## II. OBJECTIVES AND FUNCTIONS

3. The main objectives of the Association would be to obviate the lack of contact and regular flow of information and communication between African countries in trade matters and assist in harmonizing the commercial policies of African countries in the interest of intra-African trade. If in addition it could be made to serve as a practical instrument for the promotion of trade and investment as a whole, the Association could turn out to be a major institution in African economic development.

4. A whole list of functions can be spelt out in the constitution of the Association, but in the early years the main operative functions are likely to be to:

- (a) Provide for meetings of the Association and its organs;
- (b) Promote the exchange of ideas and experience in trade promotion generally and intra-African trade in particular;

<sup>1/</sup> Resolution 222(X), Part C paragraph 2(d).

<sup>2/</sup> Report of the Sixth ECA/OAU Joint Meeting on Trade and Development, Geneva, paragraph 191.

<sup>3/</sup> Report of the Symposium on Intra-African Trade (E/CN.14/555; E/CN.14/ATC/10) paragraphs 13-22.

<sup>4/</sup> See Notes on the Committee's Preliminary Meeting held at Nairobi on 4 March 1972.

- (c) Assist African governments in the formulation of trade policies conducive to trade exchanges and increased intra-African trade;
- (d) Make recommendations to members on various aspects of African trade;
- (e) Formulate a code of commercial conduct to be observed by members; and
- (f) Organize sub-regional trade information centres for the dissemination of trade information among members.

### III. ORGANIZATIONAL STRUCTURE

5. Having regard to the main objectives and functions of the Association as well as the various constraints, an organizational structure should be so devised as to be capable of achieving the desired results. A review of a few comparable organizations may help in formulating ideas for the organization of the proposed Association.

6. The International Chamber of Commerce (ICC) was established in 1919. It is a world federation of business organizations, business firms and businessmen. Membership in 1967 stood at 7749, consisting of 1523 business associations and 6226 individual companies (companies are associate members). The membership covered 80 countries. It is the only world body organized to represent private enterprise with respect to all problems which affect it and as such has been accorded the highest consultative status with the Economic and Social Council, UNCTAD and UNIDO. It works also in close association with the UN specialized agencies and other international agencies like the EEC, the GATT, OECD, etc.. The programme of work of the ICC has two main features, that of expressing the views of business on current economic issues and that of making recommendations and drafting regulations to meet the needs of all branches concerned to facilitate the adoption of uniform practices in the various sectors of international trade. The items placed on the programme of the ICC are studied by 25 international commissions and one regional commission set up within the Chamber. The Governing Body of the Chamber, the Council meets at least twice a year to lay down chamber policy, to discuss topical issues and supervise the work of the commissions. The General Assembly of ICC meets every two years and approves the programme of work. In addition it discusses special themes of immediate importance. The Headquarters of ICC is in Paris.

7. A feature of the ICC organization is the National Committees. There are 42 such Committees. They are representative of the business community of each country and their functions are to express the views of their members on the ICC programme of work and make the policies of the ICC known to national authorities and businessmen. One such National Committee has been organized for Africa and comprises Cameroon, Central African Republic, Chad, Congo, Dahomey, Gabon, Ivory Coast, Madagascar, Mali, Niger, Réunion, Senegal, Somalia, Togo and Upper Volta. The office of this Committee is in Paris.

8. The ICC has also a regional commission for the ECAFE region. While its functions are similar to those of the National Committees, it is organized as a special commission for regional affairs, and devotes special attention to such problems as agricultural development, trade liberalization, mobilization of capital resource, standardization of commercial practices, and promotion of small industries within the region. Its headquarters is at Tokyo with a liaison office at Bangkok.

9. Another comparable organization is the Afro-Asian Organization for Economic Co-operation. It was founded in 1960 to achieve economic co-operation among Afro-Asian countries, foster collaboration among national chambers of commerce, industry and agriculture, their federations and similar institutions. The membership consists of two kinds, ordinary and associate. The National federations of chambers of commerce, industry or agriculture in independent Asian and African countries, or where such federations are absent, existing chambers may choose one member to represent them or failing such agreement, the Council of the organization will choose one member to represent the chambers of that country. Associate members are national chambers of commerce, industry and agriculture in independent African and Asian countries or territories which have not yet attained independence. Associate members have no voting rights. The organization consists of a conference, a council and a centre. The conference is the supreme authority of the organization and is composed of delegates appointed by members and associate members. The conference meets once every two years in a venue determined by the Council. The conference elects a president and two vice presidents and 12 other members elected by the conference. The centre is the executive organ of the organization and consists of a Secretary-General and his staff. Its present headquarters is at Cairo. Its major activity, besides the biennial conferences, is to publish an economic review containing studies, information and statistical data on Afro-Asian countries.

10. The Federation of Commonwealth Chambers of Commerce consists of 350 chambers in 43 countries. It has in addition business firms and related organizations. All African Commonwealth countries are represented as associate members. The major objectives are to provide permanent links between chambers of commerce and promote trade between Commonwealth countries and with other countries and to assist in the provision of technical and commercial training. The Organization comprises of a biennial congress of delegates, a council which meets twice a year consisting of a chairman, vice-chairman, treasurer, secretary, a director and deputy director and an executive committee of fifty elected by the congress of delegates meeting four times a year. It publishes annual reports and has also several other special publications. Its head office is at London.

11. The General Union of Arab Chambers of Commerce consists of 14 members in 13 countries. African countries represented are Libya, Morocco, Sudan, Tunisia, and Egypt. It was founded in 1951. The major aim is to foster Arab economic collaboration. It has an annual conference of members, and a council appointed by member countries which meets twice a year. Its headquarters is at Beirut.

12. The Association for the Advancement of Agricultural Sciences in Africa was inaugurated in 1968. Its objectives are to foster development of agricultural sciences throughout Africa, exchange of experience between scientists engaged in agricultural research and training in various fields of agricultural sciences. Any person who is engaged in agricultural research, teaching or extension is eligible for membership. There is an annual membership fee. The Association is organized in different sections of agricultural sciences. Each section has a chairman elected by the section membership. A president, vice president and secretary, treasurer are elected annually by the entire membership. The Board of Directors consist of the elected officers, the past president and the chairmen of the different section. There is an Executive Committee consisting of the elected officer, past president and one additional member from among the chairmen of sections elected by the Board. There are regular annual meetings of the Association at venues and dates to be decided by the Board of Directors. The annual meetings are rotated to different African countries. The principal events at the meetings, besides election of office bearers, are the presentation of research reports, open discussion of agricultural problems and informal exchange of information. An annual volume of the proceedings at the conferences is printed.

13. The Association of African Central Banks (AACB) also has some bearing on the proposed trade promotion association. AACB was inaugurated in December 1969 with the objectives of (a) promoting co-operation in the monetary, banking and financial sphere in the African region; (b) assisting in the formation of guidelines along which agreements among African countries in the monetary and financial fields shall proceed; (c) helping to strengthen all efforts aimed at bringing about and maintaining monetary and financial stability in the African region and (d) examining the effectiveness of international economic and financial institutions and suggesting ways of possible improvement. Its functions are to:

- (a) Provide for periodic meetings of Governors of Central Banks;
- (b) Promote the exchange of ideas and experiences in the monetary and banking field;
- (c) Facilitate the collection, pooling and dissemination of information on monetary, banking, and financial matters;
- (d) Undertake the study of monetary and financial problems in the African region;
- (e) Organize seminars, courses, training programmes for personnel;
- (f) Provide technical assistance and advice.

14. Membership is open to all Central Banks in independent African countries and where such banks do not exist, appropriate monetary institutions. The Association has an Assembly of Governors, an Executive Committee and Sub-regional Committees. The Assembly of Governors is the governing body of the Association and consists of Governors of the Central Banks. The Executive Committee consists of the President, and Vice Presidents elected by the Assembly and the Chairmen of the Sub-regional Committees. The Sub-regional Committees consists of the Governors of Central Banks of each sub-region. The Sub-regional Committee elects a Chairman from among them. Provision is made for a permanent secretariat, though none has been established as yet. The Assembly of Governors meets at least once in two years and the Sub-regional committee once a year. The expenses involved in running the Association are shared on the basis of an agreed formula.

#### A. Membership

15. The membership of the Association of African Trade Promotion Organizations must be such as to be conducive to the attainment of its major objective, namely, to foster trade among member countries.

16. As the title of the Association indicates, membership is expected to be made up of trade promotion organizations. The major trade promotion organizations in African countries consist mostly of:

- (i) Ministries, or government departments charged with responsibility for foreign trade;
- (ii) Export promotion councils and foreign trade organizations;
- (iii) Chambers of commerce (including industries, mines and agriculture in many cases) and traders' associations;
- (iv) Manufacturers organizations;
- (v) Associations of handicrafts and other small manufacturers;
- (vi) Individual industrial and trading firms (including state trading and industrial enterprises);
- (vii) African multinational economic organizations; and
- (viii) Other national bodies indirectly concerned with export trade, for example, export-import credit banks, national shipping lines and airlines.

17. The first problem that arises in determining the membership of the Association is that of deciding which of the bodies or category of bodies listed above should be represented. The basic organization of commerce and industry is not exactly the same in all African countries -- while some are essentially private-sector oriented, others are weighted in favour of the public sector. Some of the functions performed by the Ministry of Trade or the Department of Trade in certain countries are performed by private organizations, such as Chambers of Commerce in others.

18. A second problem arises from the fact that the various bodies listed are not fully comparable between one country and the other, for example, while the Chamber of Commerce in Kenya is a private sector organization, the one in Egypt is an autonomous governmental body. The differences in the organization of national chambers adds to the complexity of the problem of membership. There are at least three organizational types of national chambers in Africa:

- (i) Single national chamber that covers all fields of economic activity, for example, the Kenya Chamber of Commerce and Industry, and the Togo Chamber of Commerce, Industry and Agriculture;
- (ii) Different national chambers for different types of economic activity, for example, the Chamber of Commerce, the Chamber of Industry and the Chamber of Agriculture in the Ivory Coast; and the Chamber of Commerce and the Chamber of Agriculture, Animal Husbandry and Forest in Cameroon;
- (iii) A single national federation of chambers, for example, the Federation of the Chamber of Commerce, Industry and Agriculture of Madagascar and the Association of Chambers of Commerce, Industry and Mines of Nigeria.

19. Following the list of trade promotion bodies given above, it seems necessary to make a distinction between the promotional aspects and the operational aspects of the development of export trade. The former consists essentially of improvements in commercial policy and practices and the provision of incentives and other indirect services which are generally the responsibility of the Government through a Ministry or a specialized department. The latter, that is the operational aspects, involve participation in export trade or production for export and they generally come within the purview of the business community whether private or public or both.

20. The membership of the Association will therefore depend at least in part on which of the two aspects of trade promotion its activities are intended to cover. This should become clearer after an examination of the possible types of representation in the Association.

(a) Government representation

21. This form of representation is common to most African multinational organizations. It has the merit of ensuring Governmental control of the Association which may be necessary as the business sector in most African countries is dominated by foreign interests and is grossly under-developed.

22. An association of government representatives of this kind will cover essentially only the first aspect of trade promotion referred to earlier, that is, improvements in commercial policy and practices. While this has the merit of assuring full government support which is vital to the effectiveness of the Association, it does not fulfil an important need for a regular forum to serve as a contact point for African businessmen directly involved in production for export and export trade.

23. The disadvantage in this form of representation may be partially overcome by the inclusion of representatives of the business sector in governmental delegations. In addition, the Association may sponsor meetings of African businessmen at various levels. Even if most governments accept these suggestions, they cannot be regarded as an adequate substitute for direct participation in the Association by the business sector in its own right when it can take the initiative in the affairs of the Association.

(b) Business community representation

24. The main reason in support of this form of membership of the Association is that it will ensure the maximum involvement of those who have to carry out the operational activities of physically expanding intra-African trade. The business community includes both the public and the private sectors for those countries with mixed or socialist economies. The representation envisaged, therefore, can include both public and private interests. This representation covers the second aspect of trade promotion referred to earlier, that is, the operational aspects of the development of export trade.

25. The following national organizations would qualify for membership under this form of representation:

- (i) National export promotion councils;
- (ii) National chambers of commerce (including industries, mines and agriculture);
- (iii) National manufacturers organizations and trade associations;
- (iv) Industrial and trading firms and city or sectional chambers of commerce (associate membership);
- (v) Other national bodies indirectly concerned with export trade, for example, national shipping lines and airlines (associate membership).

26. It is possible for a country to be represented by more than one member, the actual number depending on the number of qualified and interested organizations. This has the advantage of ensuring regular contact and exchange of views among those directly concerned and who are capable of rendering advice to governments on the harmonization of commercial policies. However, such an association can only be advisory in matters of commercial policy in the absence of governmental membership.

27. A much stronger weakness of such an Association arises from the fact that in most African countries the business sector is dominated by foreign interests and is therefore unlikely to reflect truly African interests particularly in the field of intra-African trade. Since independence, African Governments have been actively engaged in re-orienting the foreign enterprises to national needs and promoting indigenous enterprises. The latter, however, are in most cases still in the minority and may not be fully effective in their national organizations. A primary requisite is to have the existing trade promotion associations and chambers of commerce and industry reflect truly national interests.



(c) Bipartite representation

28. The consideration of the two forms of representation dealt with, governmental and business community representation, shows the weaknesses and the strength in both forms. A bipartite membership consisting of both government and business community representation is likely to combine the strength of both forms and, if properly handled, minimize or even eliminate weaknesses.

29. In addition to the list of bodies qualifying for membership at paragraph 25 above there would be distinct government representation. African multinational economic organizations may qualify for associate or even full membership.

30. If membership proves unwieldy in this form, consideration may have to be given to the possibility of reducing membership from the business sector to a single national organization in each country such as the export promotion council or the national chamber of commerce. Such organization will have to be determined by the government.

B. Organization of the Association

31. An attempt has been made to examine the three different forms which the membership of the Association can take. Its detailed organization will be greatly influenced by the form of membership adopted. However, it is possible even at this stage to outline in broad terms the general organizational structure.

(i) The General Council

32. The General Council will consist of one delegate from each of its constituent members, whether ordinary or associate. It could meet once in two years. The Council may have one chairman and two or three vice-chairmen. It could review the work of the Association as reported by the Executive Committee, determine the annual contribution to be paid by each type of membership, draw up guidelines for the policy and work programme of the Association and deliberate on topical themes of importance. The major item in the agenda of the General Council should be the discussion of such themes the conclusions of which could be transmitted to appropriate authorities for suitable action.

33. Most of the work of the General Council will need to be done through Committees and Working Groups dealing with special subjects (e.g. trade information) and different product groups (e.g. textiles). Such bodies should be responsible to the Council through the Executive Committee.

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(ii) The Executive Committee

34. The Executive Committee could consist of the chairman, the two or three vice-chairmen and the chairmen of the sub-regional committees. The Executive Committee will be entrusted with the responsibility of carrying out the functions of the Association during the intervals between meetings of the General Council. In particular it will arrange for the biennial council meetings, prepare a suitable agenda with appropriate themes with suitable background material, make recommendations to governments for appropriate policy formulation, and draw up a code of commercial conduct and standards of commodities exported and imported. It will also prepare a report on its activities to the Council, make suitable recommendations for annual contributions, and draw up the budget and the programme of work. It should meet at least once a year.

(iii) Sub-regional committees

35. The work of the Association will be greatly facilitated if each sub-region has a committee elected from among the members from the sub-region concerned. Such sub-regional committees have to function as an operational arm of the Association and be responsible for those subjects pertaining to the sub-regions. One of the primary responsibilities of the committees would be in the field of commercial intelligence and trade information.

(iv) National committees

36. The national committees should be organized to act as the local representatives of the Association and at the same time as the focal point through which the affairs of each country represented in the Association's membership can receive adequate attention at all levels. It would seem, however, that national committees may not be necessary where there is a strong focal point for export promotion efforts. There is need, therefore, for further examination of the idea of national committees.

(v) Secretariat

37. The effectiveness of the Association will depend very heavily on its secretariat. While the constitution should provide for the establishment of a permanent secretariat, it may be wise in the first few years for the Association to use the Africa Trade Centre as its base secretariat. This can be done with the consent and approval of the Executive Secretary of ECA. Apart from the financial implications, it has the advantage of a ready-made organization devoted to the same objectives as the proposed Association. In addition it will afford members the opportunity of developing a greater say in the affairs of the Centre and help to give it a more practical approach to African trade problems.

38. If the Association is to develop rapidly, as it has to, into a strong and effective force in the development of trade in Africa, the need for close co-operation with the Africa Trade Centre cannot be over-emphasized. Through such co-operation it will be able to use the Centre more fully and influence its future development.

(vi) Budget

(a) Costs

39. The annual budget of the Association will depend on its activities and the number of members. The minimum annual expenditure will have to take account of the number of meetings of the General Council (biennial), the Executive Committee (annual), the sub-regional committees (at least once a year) and special committees and working groups (say twice a year). The cost of these meetings is estimated at US\$70,000 per annum. This estimate does not include the cost of secretariat services as they are assumed to be provided by the ECA Africa Trade Centre.

40. In addition to the holding of meetings, the fulfilment of the objectives of the Association will require the performance of certain minimum operational functions. It is expected that these will be developed in stages. One of the important operational functions to be carried out at an early stage is likely to be in the field of "commercial intelligence". This was suggested by the ECA/OAU Joint Meeting on Trade and Development at its sixth session held in August 1971, as one of the main functions of the Association. <sup>1/</sup> An effective organization of such trade information on a continental basis will require the organization of trade information centres at sub-regional levels (four centres) which may include assistance to member countries to establish their own individual centres. It is not possible to estimate the cost of running the centre before details of their shape, size and operations are carefully worked out.

(b) Sources of finance

41. The financing of the operations of the Association therefore calls for an annual appropriation of a relatively substantial amount of money. The Association, even if it is composed of governments only, is in the field of business and must therefore operate in a truly business-like manner which requires the availability of sufficient funds. The effectiveness of its work will depend as much on the drive and skill of those who direct it as upon the financial resources at its disposal.

42. Contributions by members: The first and perhaps the most important source of finance is contributions by members. Governments may be assessed on the basis of volume of export in addition to a basic general rate which should be uniform for all members. Membership from the business community should have a uniform assessment. These assessments should be capable of adjustment upwards and downwards depending on the Association's budgetary

<sup>1/</sup> Report of the Sixth ECA/OAU Joint Meeting on Trade and Development  
Geneva, 12-23 August 1971, paragraph 12.

needs and on the proceeds from other funding sources. These sources should provide at least the entire funds required for the regular current expenses of the Association. For illustrative purposes only a government assessment of \$10 per \$1,000,000 of exports will yield a revenue of \$100,000. An assessment of business community membership of \$100 will produce about 12,300 dollars, assuming an average membership of three per country.

43. Voluntary contributions: Various African organizations for example, OAU, OCAM and national business bodies may be persuaded to make voluntary contributions to the Association. This source of finance could become important when the Association begins to show results.

44. Technical assistance: Technical assistance may be requested from aid-granting governments and organizations in the form of funds and personnel for clearly defined specific projects such as the setting up of sub-regional trade information centres and market research in respect of identified products.

45. In considering the question of the Association's budget, the Nairobi Symposium which established the Preparatory Committee for the formulation of the Association "stressed the need to make adequate financial resources available to the Association but some felt that contributions should be restricted to the member countries to avoid outside interference. <sup>1/</sup> In view of the importance of the subject, the preparation of a model budget including the ways and means of financing should be one of the main tasks of the Preparatory Committee. However, this can only be undertaken after the Committee has drawn up the programme of activities of the Association.

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<sup>1/</sup> Report of the Symposium on Intra-African Trade, Nairobi 28 February - 3 March 1972 (E/CN.14/ATC/10) Paragraph 18.