



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org



D01945

United Nations Industrial Development Organization

Distr.
LIMITED

ID/WG.70/2 /Rev.1
17 November 1970

Original: ENGLISH

Training Workshop for Managerial Staff
of Chambers of Industry in Africa,
Addis Ababa, Ethiopia, 7 - 12 December 1970.

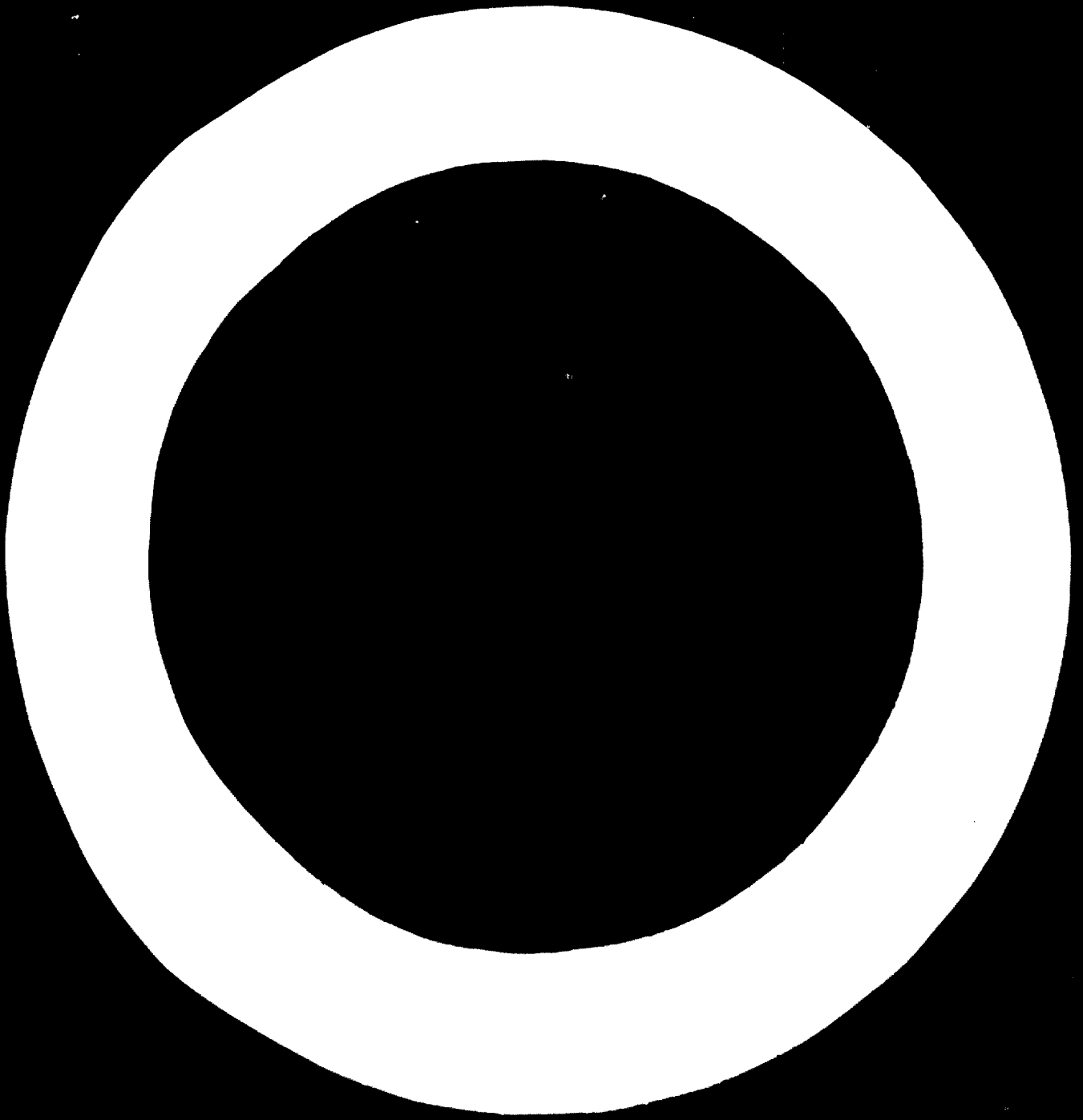
**ASSISTANCE OF ADVANCED COUNTRIES
TO CHAMBERS OF INDUSTRY IN DEVELOPING COUNTRIES ✓**

by

**A.N. Demaskenides,
Aristotle University of Thessaloniki.**

✓ The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO. This document has been reproduced without formal editing.

id.70-6297



CONTENTS

	<u>Page</u>
INTRODUCTION	3
I. CHAMBERS OF INDUSTRY, THEIR STATUS, ORGANIZATION AND FUNCTIONS	3
II. WAYS AND MEANS OF ASSISTANCE TO CHAMBERS OF INDUSTRY IN DEVELOPING COUNTRIES	7

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

INTRODUCTION

In this paper I shall first study the role of Chambers of Industry in both advanced and developing countries, their organization and sphere of action. Then I shall endeavour to indicate ways and means by which Governments and organisations of advanced countries can assist Chambers of Industry functioning in developing countries.

I. CHAMBERS OF INDUSTRY, THEIR STATUS, THEIR ORGANIZATION AND THEIR FUNCTIONING

I.1. Chambers of Industry are essentially institutions for the representation of professional interests of businessmen, organized on a local or regional basis.

Chambers of Industry are usually combined with Chambers of Commerce and form the so-called Chambers of Commerce and Industry, or Chambers of Commerce in a wider sense, in which industry is also included.

I.2. We distinguish two types of Chambers of Commerce and Industry: the official and the private chambers. In Continental Europe and in some South American countries, the official type of Chambers of Commerce and Industry predominates. Continental Chambers are established by law; they are subject to Government control, and are supported in whole or in part by Government subsidies and special taxes levied on a membership composed of all businessmen who are established within the respective district or region. On the other hand the Anglo-American type of Chambers of Commerce and Industry has been the product of private initiative, and is still a purely private and voluntary institution without financial resources except membership dues and small occasional earnings.

I.3. The functions of the Chambers fall into two categories. On the one hand these institutions perform a variety of technical and administrative services for the members and the business class in general. On the other hand they attempt to convey to the Government the aspirations and desires of the business world and to influence the Government favourably, but also to serve as the Government's counsellor and to advise them on the Government's proper action for the protection and promotion of the nation's interests.

The technical and administrative services of Continental Chambers include: the administration of stock exchanges, employment bureaux, warehouses, schools of business, museums and libraries; the preparation of trade reports; the compilation of business and trade statistics; the issuing of export certificates and certificates of origin; the appointment of experts, inspectors, surveyors, accountants and commercial arbitrators. American and English Chambers render a more limited technical service. They concern themselves with improving transportation; providing information on traffic routes, market's imports and exports, import duties, fares, credit standing, methods of packing for foreign shipping and general trade conditions; commercial arbitration; standardizing of methods, etc. A number of the larger Chambers both in Europe and America maintain research bureaux. Moreover during recent years these Chambers engage in activities aiming directly and indirectly at the acceleration of industrial development of the respective countries, such activities being: participation in national industrial planning, organization of courses in industrial and business management or special courses for business executives and engineers, or courses for the Chambers' own administrative and scientific personnel; establishment of advisory services on management problems for their members; setting up of marketing and promotional services for the same members, etc.

The second great function of Chambers of Commerce and Industry is their representation of the business class before the Government. Continental Chambers have normal contacts with Government agencies and officials. These contacts may range from representation on a legislative council or on other official bodies, to the more common arrangements of receiving from the Chambers report, advice and proposals for legislation. This official relationship, together with the fact of compulsory membership, which automatically makes the Continental Chamber a representative body, has won for it high prestige and great influence. Anglo-American Chambers approach the Government unofficially and by means of the ordinary lobbying technique of general publicity, political pressure, public hearings and the like. Such action, whether official or unofficial, is generally directed at stopping unfavourable, or passing favourable, laws on budget, tariff, bankruptcy, trusts, banks, labour conditions and hours, and similar questions.

I.4. The organization of a Chamber of Commerce and Industry consists usually of a board of directors and a president. In the Continental Chambers the president is usually a nominal head and the directive board alone is known as the Chamber. Committees and Bureaux execute their decision and accomplish the ordinary administrative work under the general supervision of a paid secretary, who formulates the programme and manages finances. His task has become highly professionalized and is regarded as public service of reputable character, attracting many economists and students of international trade. In the United States, however, Chambers of Commerce, forced by their lack of official support and financial security to resort to constant membership drives, have tended on the whole to attract as handling secretaries publicity or promotion men, with lesser emphasis on complicated problems of business development. The Chamber of Commerce of the United States has inaugurated a programme of executive development for Chamber executives for selected candidates at various American universities.

I.5. Federation of Chambers of Commerce and Industry has taken place in most countries. The French National Chamber was established in the 1590's. The German National Federation (Handelstag) is a descendant of a seventeenth century body. Both the French and the German Federations have an official status. In the United States a National Board of Trade was organized in 1868. In 1912 this Board was superseded by the Chamber of Commerce of the United States, an organization formed with Government encouragement. It is "a national federation working for good citizenship, good government and good business". Its stated aims are to promote foreign trade, business co-operation, standardisation of methods and the raising of business ethics. The membership of this Chamber is composed of local Chambers. The Chamber is governed by a directorate representing both districts and interests. It issues a magazine, the "Nation's Business", and maintains a large technical staff in its building at Washington. It is divided into departments representing the major groups of business enterprise, each department having an advisory committee of businessmen to propose policies. There are also National Chambers in England (The British Chambers of Commerce), Belgium, Switzerland, Brazil, Australia and other countries.

I.6. As a consequence of modern international trade, the "Foreign" Chambers of Commerce, have been established by alien merchants residing in one town or country in order to stimulate trade with mother country. Such organizations are common in capitals of big and small countries. American and English Foreign Chambers are private organizations; some, like the French, are semi-official, partially subsidized and controlled by the Government. Foreign Chambers are considered by many Governments useful as a part of machinery of economic, political and cultural penetration in developing countries; they spread the home culture and influence, and supply information to the home Government.

I.7. An International Chamber of Commerce (I.C.C.) has been established in 1919. It is a world federation of business organizations, business firms and businessmen. It aims "to include all the economic factors of international business ... to secure effective and consistent action ... improving the conditions of business between nations, and to encourage international and better understanding ..." It frequently "acts as spokesman of the business community in the international field and represents the business point of view to Governments and to world public opinion." A permanent staff functions in Paris, national committees are active in the countries whose national federations are members, and the Chamber's general congress meets biennially. It publishes a magazine called "ICC News". . The ICC is chiefly concerned with problems of double taxation, export credits, foreign exchange, standardisation of business forms, customs regulations and statistical forms, improvement of transportation and postal systems, port facilities, flag discrimination, tariffs, international fairs, monetary and banking problems, , international trade of raw materials and economic development, unemployment, public and private investment, etc. It operates a court of arbitration which provides conciliation and arbitration facilities for the settlement of the commercial disputes for members of disparate nationalities. The ICC was granted the highest consultative status with the Economic and Social Council of the United Nations, that of category A, and has the right to be represented in the plenary sessions of the Economic and Social Affairs Council of the United Nations. The ICC is also associated with international organisations like the European Economic Community, the General Agreement of Tariffs and Trade, the Organisation of Economic Co-operation and Development, the International Monetary Fund, the International Bank for Reconstruction and Development, . It has formal status with ICAO, FAO, ILO, UNESCO, ITU etc. (Specialized Agencies). It also has consultative status with UNIDO and UNCTAD.

I.8. An organization similar to ICC is the Permanent Conference of Chambers of Commerce of EEC. The institute of this Conference has been decided during the first meeting of representatives of Chambers of Commerce held in Strasbourg on 28 February 1958. Since then these representatives meet regularly twice per year to discuss on matters of mutual interest. Regular members of the Conference are the representatives of the federations of Chambers of Commerce and Industry of the six EEC countries. Associate members are representatives of Chambers of associate member-countries of EEC, having the right to vote on matters provided by the treaty establishing the association of their countries with EEC. Other countries having applied to EEC for association can send their representatives who have no right to vote.

II. WAYS AND MEANS OF ASSISTANCE TO CHAMBERS OF INDUSTRY IN DEVELOPING COUNTRIES

II.1. Having examined the status and functions of Chambers of Commerce and Industry in general, let us see now how such Chambers can be established and organized in developing countries and work in such a way as to promote well being of their members and foster economic and especially industrial development in their respective countries.

II.2. On account of the scarcity of entrepreneurship in developing countries and of the mediocre size of firms already existing and their financial difficulties, we cannot expect private firms to take the initiative of establishing Chambers of Commerce and Industry in these countries. Such an initiative has to be taken by the respective Governments. Only the Governments of such countries can have the necessary broad-mindedness to realize how important is the role which such institutions can play in the process of economic development; besides these Governments feel the need of the existence of such institutions, suitable to serve as their counsellors and advisers but also as a channel to carry to the business world the administration's decisions and wishes concerning the behaviour of businessmen during the process of economic development.

II.3. Because of the reasons aforementioned, Chambers of Industry in developing countries should have to be established as public institutions of a type similar to that of Chambers of Continental Europe. From what has been said in paragraph I, sections 2, 3 and 4, we can easily gather that public institutions are superior to private

Chambers of Commerce and Industry, owing to the legal obligation of businessmen to participate in their foundation and functioning and to support them by financial contributions; also because of higher prestige enjoyed by public institutions and the possibility of attracting talented officials and qualified personnel, able to carry on duties requiring unusual capacities and earnest enthusiasm.

II.4. Chambers in developing countries should be established as Chambers of both Commerce and Industry. The combination (in the frame of one Chamber) of the two most important sectors of the economy will give them strength and prestige. Besides, this combination is a necessary one; indigenous industry being small and struggling against foreign competition, it needs the assistance of home trade, especially because home merchants are tempted to trade with foreign firms on account of better terms offered by them; therefore the collaboration of merchants and industrialists which necessarily will take place in a combined Chamber of Commerce and Industry will probably lead to a better understanding of their respective interests and to a possible conciliation of conflicting views.

II.5. Governments in developing countries being overwhelmed by exhausting duties and having not much experience of them, it is doubtful whether they will be able to provide the Chambers of Commerce with an up-to-date organization, to support them with subsidies at least during the first years of their life and to help them to get the qualified personnel so much needed for their success and progress. Therefore the establishment and functioning of Chambers of Commerce and Industry in developing countries should be done with the initiative and under the auspices of the Governments of these countries, but at the same time with foreign assistance.

II.6. Before examining which institutions can contribute to the foundation and administration of Chambers of Commerce in developing countries, it is necessary to see which are the needs of these Chambers and by what kind of assistance can these needs be satisfied.

If we look over a budget of any Chamber of Commerce and Industry, we realize that investments are usually small and refer to payments for construction of buildings to shelter the Chamber's offices, eventually schools, museums, libraries and other

institutions established and administered by the Chambers. After these buildings have been erected, no investment expenditures appear usually in the budget. With reference to current expenditures these are expenses on goods and services necessary for the Chambers to accomplish the tasks described in paragraph I, section 3 of this paper. Among the current expenditures, conspicuous are salaries of all sorts of personnel. Now, Chambers of Commerce and Industry established as public or semi-public institutions rely mainly on members' contributions and can meet easily their expenditures on current account. What Chambers of Commerce need mostly and cannot get easily is technical assistance. Institutions which can provide them with assistance, especially with technical assistance, are foreign Governments, foreign Chambers of Commerce, the International Chamber of Commerce and other international organizations.

II.7. Foreign Governments can assist Chambers of Industry of developing countries in various ways. Specialists could be sent to developing countries in order to organize their Chambers of Industry and give instruction concerning the way of their functioning. Foreign Governments can also grant scholarships which will enable young men of developing countries to attend general and special courses in Colleges and Universities, or to visit Chambers of Commerce and Industry of advanced countries and work in them in order to get acquainted with the methods and systems applied in these institutions and specialize themselves in the field of organization and functioning of big administrative units, especially of Chambers of Commerce and Industry.

II.8. Foreign Chambers of Commerce are organized and function in a way which is similar to that of ordinary Chambers of Commerce. Such institutions could offer a unique opportunity for practical experience to officers and employees of Chambers functioning in cities and places in which these "Foreign" Chambers are established. This unique opportunity would be available even to presidents and members of the board of directors in case the statutes of a "Foreign" Chamber provide for the possibility of businessmen of the host country to become regular members of the "Foreign" Chamber. Such a provision can be found in some cases, especially when businessmen of the host country are really interested in foreign trade, or when the members of the "Foreign" Chamber are very few, and would like to be supplemented by the indigenous businessmen, or when businessmen and the administration of the host country are very suspicious as

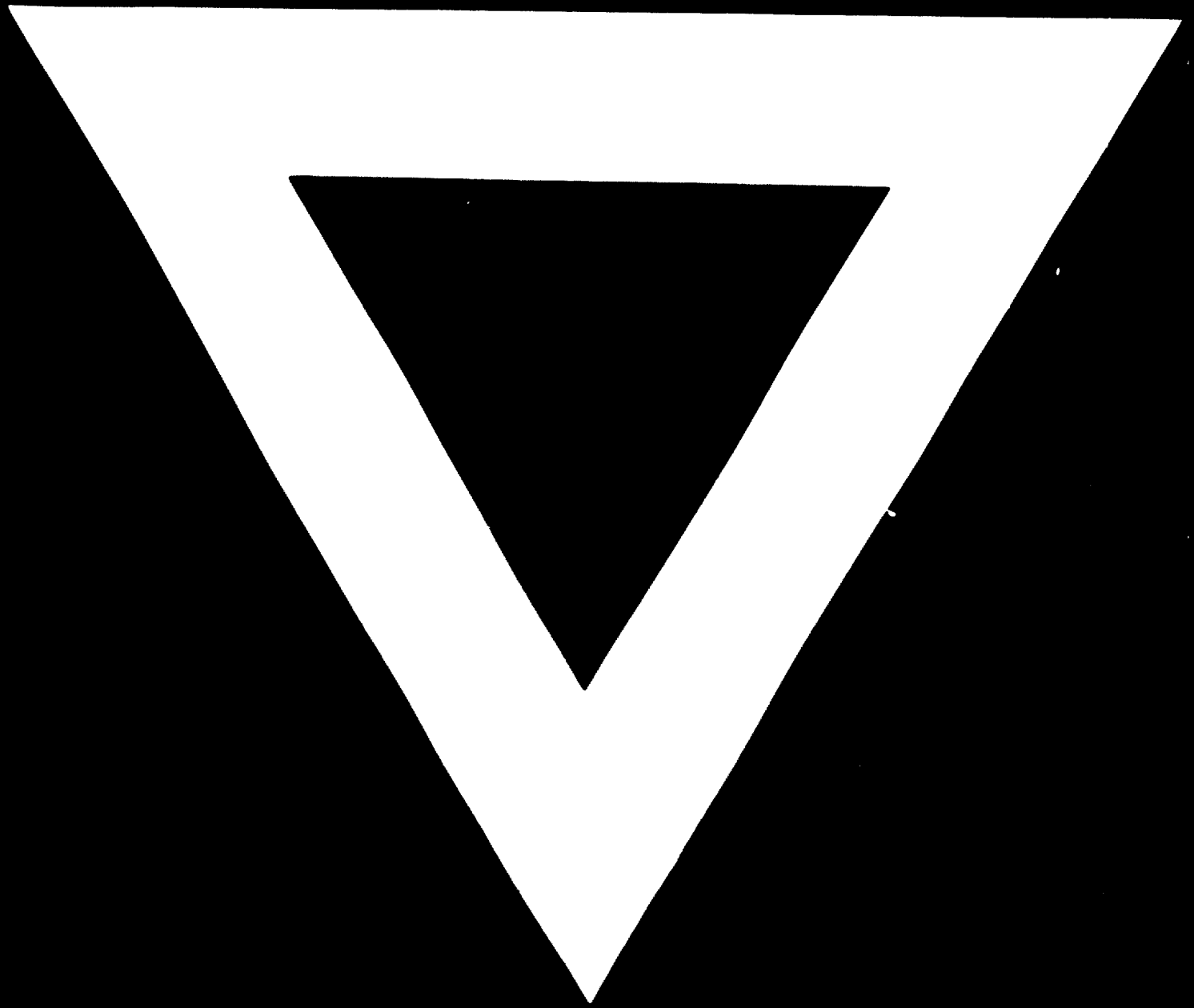
to the aims of the "Foreign" Chamber and the means used to achieve these aims. However, as "Foreign" Chambers have to comply with the legislation of the host country, it is possible for the legislator to oblige such Chambers to accept as members indigenous businessmen or at least to invite officers and employees of ordinary Chambers of the host country to work in the "Foreign" Chamber offices for a certain period in order to acquire practical experience of the work done in it. If it is likely that such an obligation provided by law will be considered as inimical by the respective foreign Governments, the Governments of the host country could initiate negotiations leading to a similar arrangement.

II.9. The International Chamber of Commerce is probably in a unique position to assist Chambers of Commerce and Industry established in developing countries. As mentioned in pages 49-50 of the report published by UNIDO under the title "The Role of Manufacturers' Associations in Industrial Development", in more than one half of the 72 member countries of the IIC, local members are grouped in National Committees, for fifteen other countries of Africa there is a "franc zone" Committee with offices in France; there are members of the ICC in twenty other developing countries; and within the structure of ICC there is a regional Commission on Asian and Far Eastern Affairs (CAFEA-ICC), which comprises the ICC National Committees in the region. Thus an almost thorough system of co-operating organizations exists which could be considered ideal from the point of view of the possibility of assisting Chambers of Commerce established in developing countries. The system has not been used as yet, for this purpose, as far as I know. However, exchange of persons associated with the administration of Chambers established in advanced and developing countries, technical assistance given to Chambers functioning in the latter countries by specialists employed in ICC or in any Chamber of an advanced country, and other ways of aid could be easily and very successfully undertaken within the system.

II.10. What has been said with reference to assistance given by ICC is true in the case of the Permanent Conference of Chambers of EDC.

II.11. International Organizations like the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, the Inter-American Development Bank, the Asian Development Bank and other International credit organizations are the right institutions to meet the need of Chambers of Commerce for loans; and institutions like the Economic and Social Council (especially the United Nations Special Fund, established to assist the economy of less-developed countries, and the Council of the United Nations Development Programme) are the right institutions to meet the need for grants. We have seen however (I.6) that the establishment and functioning of Chambers of Commerce and subordinate institutions does not require especially heavy investments and that current expenditures for goods and services can be easily met by the Chambers themselves. On the other hand technical assistance urgently needed by Chambers of Commerce in developing countries can be provided by institutions mentioned in the present paragraph II, sections 7-10. Maybe one of the forms of such assistance which cannot be adequately provided by these institutions is the organization of international seminars and workshops for managerial staff of Chambers of Industry like the one organized by UNIDO in Addis Ababa. The workshop is a very useful one and it is hoped that it will be successful. It is hoped too that this workshop will give to the participants the opportunity of discussing some other forms of assistance to Chambers of Commerce and Industry, mentioned in UN General Assembly resolution No. 2152 (XXI) of 17 November 1966 and the Industrial Development Board Resolution 1 (I) by which the purposes and objectives of UNIDO were outlined. These purposes and objectives are varied and manifold and could fill the gaps existing in the schedule of possible forms of technical assistance to Chambers of Commerce and Industry in developing countries. Probably the most important of these forms outlined in the aforementioned resolutions, which UNIDO alone is able to offer, is No. 3 (assistance in achieving the efficient utilization of industrial capacity, including the solution of technical and technological problems), No. 6 (assistance in the dissemination and information on technological innovations and know-how, etc.), and No. 7 (assistance in establishing or strengthening institutions to deal with various aspects of industrial development, etc.).





24 . 6 . 71