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D02870



United Nations Industrial Development Organization

Distr.

UN/IDB

15/0.109/13

29 November 1971

Original: English

Expert Group Meeting on Industrialization
in Countries at Early Stages of Development
with Special Reference to Small-Scale Industry

Vienna, 9 - 10 December 1971

**THE MARKETING OF AFRICAN PRODUCTS FROM
THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES**

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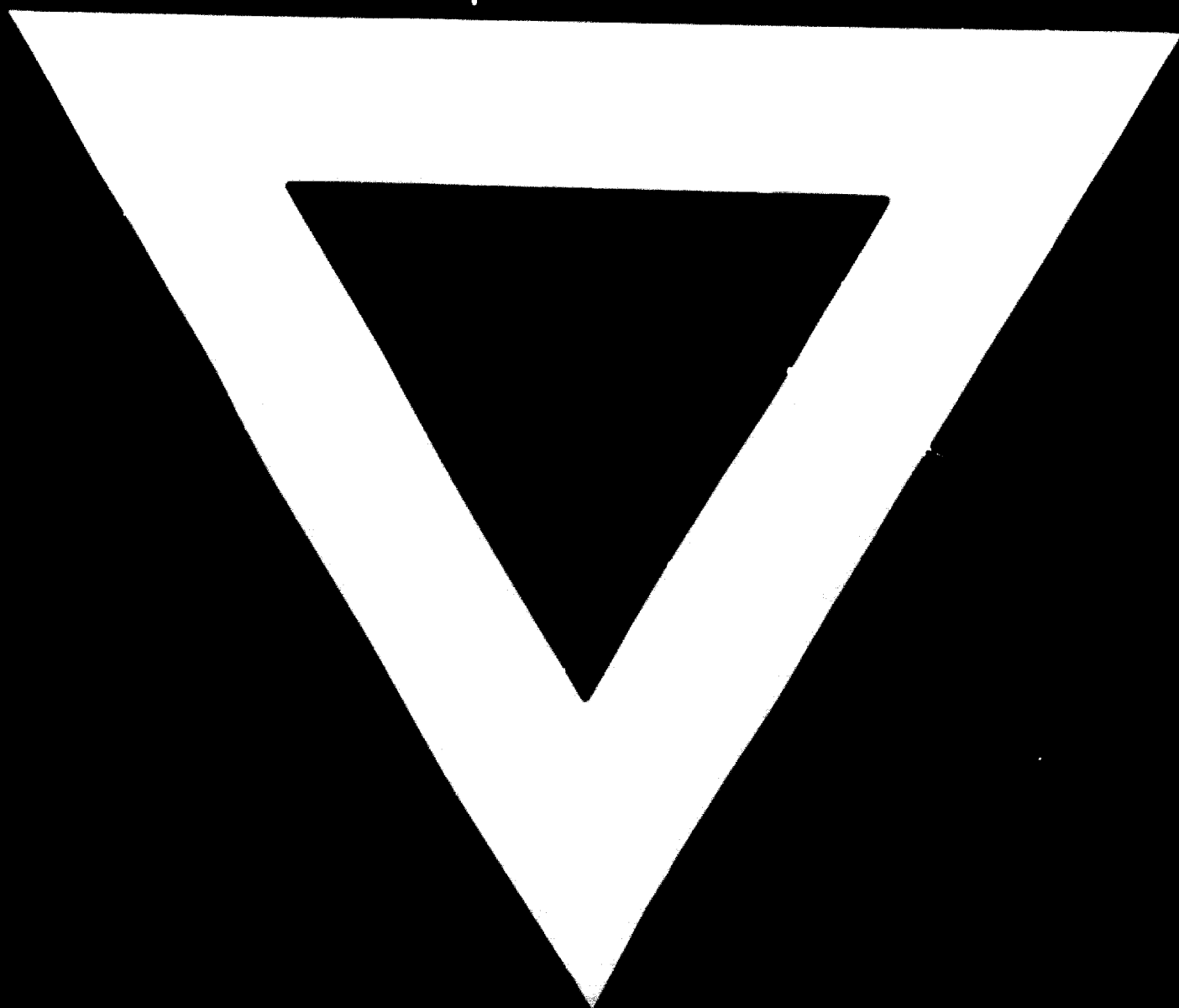
1. The short-term prospects for the development of manufacturing industries in many of the least-developed countries appear poor. Local markets are limited. There is little in them to attract external investors. Many of them lack the capability for establishing such industries in the public sector, and manufacturing industries may, in any event, require assistance through protection or subsidies beyond what these countries can easily afford. On the other hand, there would appear to be good prospects for artisan-type industries in the least-developed countries. Such industries draw on already existing resources (manpower with traditional skills and surplus time, and local raw materials) and do not involve a heavy requirement for extraneous resources (machinery, imported inputs, management). It appears likely that the income elasticity of demand for artisan products in the richer countries is greater than unity, and such industries could, therefore, be a useful source of foreign exchange.
2. One of the principal difficulties in the way of developing artisan industries in many of the least-developed countries appears to be in the field of marketing. Present channels for marketing these products suffer from the following weaknesses:-
 - (a) They frequently do not appear to promote exports with much energy.
 - (b) Much of the benefit from the export of artisan products accrues to middlemen rather than the producers, and marketing agencies in producing countries have a weak bargaining position vis-a-vis the purchasers.
 - (c) Exporting countries compete against each other in world markets. This again helps to weaken their bargaining position.

- (d) There appears to be insufficient systematic feed-back of information concerning market demand from consumers to producers.
 - (e) Where governments are directly involved in overseas marketing, this is frequently carried out ineffectively because of the lack of resources needed for doing a professional job.
3. As long as least developed countries operate individually in world markets, these disadvantages are likely to persist. Such countries will always be weak sellers, and will not be able to afford to use the kind of expertise needed for adequate market penetration or feedback of information. Prima facie there would appear to be a case for the creation of a joint organization, possibly run on cooperative lines, for marketing artisan products of least developed countries. Such an organization (which we might for the purposes of this note call the Fourth World^(a) Artisan Industries Cooperative (FWAIC)) could have the following functions:-
- (a) To promote the exports of artisan products from least developed countries in such a way as to maximise these countries' receipts;
 - (b) To provide information to producers in the least developed countries about market conditions for their products;
 - (c) To arrange for the provision of technical assistance to least developed countries for the upgrading of their products;
 - (d) To provide assistance to the least developed countries in improving the local organization of the export trade.
4. Such an organization could be jointly owned and controlled by the bodies which already exist in least developed countries for marketing artisan products, or, in default of such organizations, by the governments concerned. It would be run on strictly professional lines, and would attempt to break even financially in the long run - any surpluses being distributed to the participating organizations according to some agreed arrangements. It would not necessarily employ a large staff; it might employ existing companies on an agency basis to develop particular markets.
5. UNIDO might help in the creation and operation of such an institution in the following ways:-
- (a) It could carry out preliminary studies designed to determine the structure

(a) Since we use the term "Third World" to describe poor countries in general, we might use the term "Fourth World" to describe the poorest countries.

and modus operandi of FWAIC. This would include a study of existing channels for the marketing of Fourth World artisan products (with special reference to the degree to which they provide market information and technical assistance) and the administrative needs and financial costs of any new organization, together with preliminary proposals for establishing the relations between the organization and its members.

- (b) It could act as entrepreneur in the establishment of the organization. This would involve arranging for meetings of interested marketing bodies or governments, helping to raise any necessary initial finance (possibly through soft loan from one of the international agencies) and providing any technical advice that might be needed.
 - (c) It could provide technical assistance as requested by the organization for the improvement of artisan products.
 - (d) It could (if the member bodies agreed) be represented on the Board of the new organization.
6. It is suggested that UNIDO put in train at an early date the studies suggested under paragraph 5. (a) so as to determine the desirability of creating a new organization on the lines suggested. If these studies conclude that such an organization would be of value, UNIDO would then proceed to the stage suggested in paragraph 5. (b).



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