

Private Sector should ‘think regional’ to benefit from North-South Corridor

The African business community should ‘think regional’ and get ready to benefit from the North-South corridor which will make road and rail communications easier between eight African countries – Tanzania, DR Congo, Zambia, Malawi, Botswana, Zimbabwe, Mozambique and South Africa. This was the common refrain coming out of the private sector during the Aid for Trade regional review meeting held in Lusaka on 6-7 April 2009.

“The Private sector is not thinking regional”, lamented Florence Kata, Executive Director of the Ugandan Trade Promotion Council. Basking in the comfort of supplying domestic markets, businesses fear competition from across the borders. Vested interests stoke these fears even more. Mr. Harrison Kalua, President, Malawi National Chamber of Commerce, was insightful in his remarks when he advised that that we need to think regionally, but start locally. If an exporter is unable to get their goods to a domestic market due to procedural or infrastructure inhibitors, then going within the region or beyond is a non-starter.

Technical assistance needs identified ...

It was felt that the private sector needed to be made aware of the opportunities presented by regional integration by demonstrating complementarities and efficiency gains obtained in the process. “There must be political commitment on the part of the governments to engage with the private sector and build trust among stakeholders for realising the opportunities provided by the new infrastructure”, emphasised Mr. Kalua.

‘They should be actively involved in business advocacy with their governments to help harmonize policies and regulations across the region and resolve non tariff barriers encountered in cross border trade’ advised Ms. Valentine Rugwabiza, Deputy Director General, World Trade Organization. The private sector should be helped to get organized and acquire technical competence to engage in effective business advocacy. The role of the private sector in contributing to monitoring the progress of the regional integration was also emphasised.

“The role of intermediaries in supply chains is not well understood. There is lack of appreciation of the value added by intermediary marketing enterprises”, said Mr. Samuel Kiruthu, Secretary General, Eastern Southern Leather Industry Association, Kenya. This attitude prevents businesses and even trade support institutions from emphasising on value added by appropriate ‘marketing’ strategies. “Producers should be left to specialize on production, as they are good at it. Marketing should be handled by another set of enterprises, whose role in the supply chains should be well recognized and enhanced through capacity building”, said Ms. Natalie Ann Powell, Trustee and Chief Operations Officer, Vuka Trust-Property Network, South Africa.

There was general consensus that trade support institutions must be strengthened to enable them to provide services at the regional level. A network of such institutions will enhance the capacity to provide trade support services at the regional level by pooling available resources

and expertise. This arrangement will also promote and align the interests of regional and national institutions to regional integration priorities. The need for providing advanced analysis of the emerging market opportunities and early warning signals on market conditions was voiced.

The private sector fully realises that efficient 'services' sector will become more and more important as they begin to trade across borders. For example, trade finance, insurance, distribution services develop around export activities. As trade grows due to new regional opportunities, these services will also grow and enjoy economies of scale, which will contribute to efficiencies even in the extra regional trade.

Ms. Patricia Francis, Executive Director, International Trade Centre, who chaired the ITC sponsored event on "Mobilizing the Private Sector" and later facilitated a distinguished panel in the final session of the Aid for Trade regional review concluded that the opportunities improving the regional business climate is upon the stakeholders and needs to be taken advantage of. The private – public sector dialogues need to be credible, transparent and results-oriented. The private sector needs to be speaking in a 'language' that the public sector understands and can act upon. While the North – South Corridor will be the spine of trade in the region, there needs to be the horizontal links to make the most of the infrastructure improvement. Equally, Ms. Francis advised, that while the "hard" infrastructure level the playing field of international trade, it would be through the "soft" infrastructure that will make trade within and beyond the region competitive.