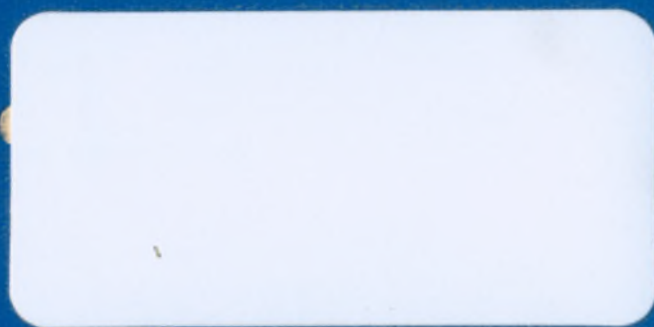


COOPTRADE

ILO/SIDA Project on Strengthening of Inter-Cooperative Trade Relations



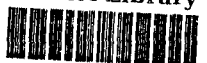
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Address delivered by
Rolf Åkeby, Team Leader
ILO/SIDA COOPTRADE Project
at 4th ICA Sub-Committee Meeting
on Trade Development
for South-East Asia
Manila, 8 November 1982

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Mr. Chairman, Fellow Cooperators,

This is the fifth and last time I, as the Team Leader for the ILO/SIDA COOPTRADE project, am addressing you. The first time, you might recall, was in Bangkok in 1978. The COOPTRADE project had just started and I had spent a few weeks in Thailand only. Since then I have had the privilege to speak at your meetings in Kuala Lumpur in 1979 and in Colombo in 1980 and in Seoul last year.

I assume you all are aware of the COOPTRADE activities which have taken place in your respective country. The document on your table gives a brief summary of the project's main achievements during the past four years. It might, therefore, not be necessary to take up valuable time of this meeting by giving information countrywise of COOPTRADE activities. Instead I thought it might interest you more if I give some personal comments on my experience with Co-operatives here in Asia since I took up this job in 1978. I am sure you do not want to hear only about the good things or only about the not so good things, but perhaps a fair mixture of them both.

As you might recall the COOPTRADE project was set up by the International Labour Organisation and the Swedish International Development Authority with the aim to assist Co-operatives in twelve developing countries in Asia to strengthen their export but also import performance. It was said that this could probably be done by establishing trade links with Co-operatives in developing countries, but also with sister organisations in Europe, Japan, Australia and New Zealand, etc. This was thought to be an approach which could lead to rapid increase of your Co-operatives export earnings. This assumption was

based on the fact of the huge import from Asia made by Co-operatives in Western Europe and Japan. It was said that these Co-operatives imported goods for billions of US dollars every year from this part of the world. However, with the notable exception of Japan, hardly anything was bought by them from Co-operatives. When the COOPTRADE project was started it was therefore recommended that one basic aim should be to introduce products of your countries' Co-operatives to sister organisations in developed countries. Hence we invited Co-operative buyers from Western Europe and Japan to our first big event, the regional workshop in Singapore in early 1979, which we were happy to organise in collaboration with the Singapore National Co-operative Union. 50 participants from 15 countries attended the meeting and we noted with pleasure, among other things, the trade discussions which took place. As a direct result of that workshop, agricultural produce from Co-operatives in Burma, India and Thailand were later on bought by Co-operatives in France and Singapore to amounts which must be regarded as considerable.

Later in 1979 a fellowship programme to Western Europe with ten Co-operators from this region was arranged. The fellows spent two months there on a combined study and trade tour. Altogether eight countries were visited. The idea with the programme was partly to introduce goods from Co-operatives in your countries to sister organisations in Western Europe and partly for the participants to learn how goods were bought and marketed there. It was of course crucial that the persons going on the fellowship programme had some experience of trade and also of which products could be exported from their co-operatives. Soon it was learnt, however, that of the ten persons sent to Europe less than half of them could be said to represent Co-operatives which had products to export.

It was learnt during this fellowship programme that there was a big gap in between what the Co-operatives in Western Europe want to buy and what your Co-operatives had to offer. It was not only the quality of the goods that had to be improved, but the products as such often were of little interest to the buyers. This was perhaps not surprising as most Co-operatives in this part of the world have been established primarily in order to meet the needs of the domestic rather than foreign markets.

However the COOPTRADE project continued to assist Co-operatives in Asia by introducing them to trading partners at Co-operatives, but also at private companies in developed countries. After the fellowship programme we thought we should identify products of Co-operatives in Asia which would have export potential and further deepen the knowledge of international trade operations among Co-operative leaders in your countries rather than concentrate our efforts on possible immediate export transactions. This was done, as you might recall, among other things, by organizing national workshops. Seven such meetings took place, namely in Bangladesh, India, Indonesia, Malaysia, Philippines, Sri Lanka and Thailand. May I take this opportunity to thank the representatives from these countries here today for their assistance in arranging these meetings with us. I think we can say the workshops became a good starting point for many Co-operatives in your countries interested to enter international trade. You are aware that these one week even included a variety of subjects. Perhaps the most important being the commodities studies on products of your Co-operatives which were prepared in advance and then presented and discussed at the workshop. Altogether 51 such studies have been made.

Another part of significance to the participants at the meetings was all the sessions dealing with export management, export handling and export techniques.

The conclusions and recommendations adopted by the participants was a third very important matter of the workshop. They contained a lot of information and suggestions and one might recall the many recommendations which stressed the assistance to be given by the Governments

and international organisations to your Co-operatives. It seemed, actually, that the participants thought that many of the solutions of the problems at Co-operatives laid not with themselves, but rather with others outside the movements. This is of course a somewhat dangerous approach and I am taking it up here, because it was a common subject at all the workshops. Perhaps some Co-operatives have been used to rely on the good will of their governments or international organisations so often that many of them might now and then forget to take own action in order to find ways how to improve their performance.

It was also noted that usually little follow-up action was taken in each country after the workshops. The COOPTRADE project was of course keen to implement as many requests as possible, but it was not possible for us to follow-up what was supposed to be done mainly in each country. We have the impression that the national workshops were very useful when it came to get information on many matters relating to trade for Co-operatives. They further became a forum where fellow Co-operatives met and learnt from each other. Only limited action was taken to implement to workshop conclusions in your own country it seems to us, however.

As a result of the workshops several short-term consultancy services were rendered to Co-operatives in the region by the COOPTRADE project. As you might know all our consultancies had to be approved by your respective Governments. Not in all countries we succeeded in getting such clearance, which we regret.

Altogether fourteen such COOPTRADE consultancies were made. Some of them are however still being carried out. Some of the reports have been distributed, while others are now being drafted or will be drafted.

Perhaps I should say a few words about a dilemma we have had in the project, namely how to make a priority between different Co-operatives which asked for our services. The ILO/SIDA COOPTRADE was set up as you know, in order to assist Co-operatives to increase or start international trading. You all are aware that there is a variety of Co-operative set-ups in this region. Some of them have as their

members people with a low income and they own hardly anything more than the basic needs in life, a simple place to stay and staple food to eat. On the other hand there are Co-operatives in some of your countries, which members seem to be very prosperous and in some cases, I think, can be said to belong to the upper class of the society. They have sometimes joined into Co-operatives in order to be able to use Governmental incentives, which had not been available to them, if being private companies. Each of these Co-operative members not seldom employs a considerable number of workers, sometimes perhaps over 100 persons.

As long as the Co-operatives in each country have been recognised either by its apex body or/and by the International Co-operative Alliance the COOPTRADE project has also accepted them as Co-operatives and hence they have been subject to our assistance programme, if so desired by them.

Our dilemma, however, has been, that few Co-operatives with members from the least privileged part of the population have been in such an advanced stage of development that they produce goods for exports. Without doubt, these people are in considerable need of assistance.

On the other hand it might not be surprising to you that Co-operatives with members from the middle or upper class of the society have been keen to use our services. These bodies are often already established on the international market and they have the infrastructure needed to undertake trade operations with foreign costumers. A large part of the members are experienced traders.

Although we have assisted all Co-operatives, which have asked for our services, we have tried to use our limited resources by e.g. rendering short-term consultancies to those Co-operatives, where their members belong to the lower or at least middle income groups in the society. We have, however, been of help to the Co-operatives with members from the upper half of the society also, by providing market intelligence and putting them in touch with potential buyers.

We thought by following this kind of policy those people for whom the ILO/SIDA COOPTRADE project mainly was set up would benefit most. Those already successful in exporting and/or having sufficient funds for export operations obviously needed only little assistance from the project.

As said earlier the COOPTRADE project was started because there were on one hand many Co-operatives in Western Europe that bought goods worth billions of US dollars from Asia, but not from Co-operatives, and on the other hand there were many Co-operatives in developing countries that were more or less successful in domestic trading, they had export ambitions, but with a few exceptions, they had not succeeded much to sell their goods abroad. The idea of the COOPTRADE project was to try to put these different Co-operative buyers and sellers together and trade was supposed to be an outcome after initial contacts. As has been reported to you at earlier meetings of this sub-committee, there seems, however, to be only limited interest among Co-operatives in developed countries in Europe to trade with their sister organisations in Asia. Of course all of them say they are positive to an increased Co-operative to Co-operative trade between developed and developing countries and all praise the idea of promoting such efforts. However, when it comes to concrete business possibilities there seems to be **only limited enthusiasm**, with some notable exceptions.

As you are aware French Co-operatives have been active in following up many of the suggestions given to them at COOPTRADE workshops. So far French Co-operatives have bought goods of sister organisations in Burma, India and the Philippines amounting to tens of millions of US dollars. Negotiations between French Co-operatives and both Thai and Malaysian Co-operatives have also taken place.

Although no concrete business deals so far have been concluded between Swedish Co-operatives and their sister organisations in Asia, negotiations are at present under way with India. However, the support given by the Swedish Co-operative movement to promote international trading activities for Co-operatives in Asia has been substantial. The Swedish Co-operative Centre, as you might know, has one person in Stockholm acting, as a liaison officer between the COOPTRADE project and importing Co-operatives

in mainly the Nordic countries, but also to some extent with other European Co-operatives.

However, I think that the interest among Co-operatives in Western Europe to trade with sister organisations in developing countries in Asia is smaller than anticipated. It is true that the stage of development is quite different between what the Co-operative buyers in Europe want to purchase and what the Co-operatives in Asia can offer. Nevertheless one might have expected that at least some more action would have been taken at Co-operatives in Europe to increase their share of buying products of Co-operatives in Asia.

In order to assist Co-operatives in Asia to sell their products, the COOPTRADE project, did not limit its activities to potential Co-operative buyers, but efforts were also made to introduce goods to alternative marketing organisations and also to private importers. Some positive developments in this regard are under way. However, it must be stressed over again that many Co-operatives in developing countries need to improve their basic product programme, infrastructure and knowledge of international trading considerably before they can compete successfully on tough export markets.

At this stage of my summary it might be appropriate to stress the importance to further develop your own Co-operatives by making additional studies on the export prospects of your products. It is without doubt also necessary to train the personnel in export marketing so they will better understand that they cannot only export the surplus of what originally was meant for the domestic market, but they must produce in accordance with the specific requirements of foreign markets.

Further it can not be stressed too many times that one of the most important issues to be dealt with at Co-operatives in your countries in order for them to compete on foreign markets, is to have highly qualified persons to carry out the business. The majority of business people would work at a Co-operative, not because it is a Co-operative and that they believe in the Co-operative idea, but because they are paid well. In most of the countries in Asia visited by COOPTRADE officials

there seems to be no lack of training opportunities for people working at Co-operatives. Later^{on} in their careers many of those qualified persons often leave the movement because they are better paid in the private sector. Not seldom these people are among the most talented, while some of those remaining in the movement often do so because they have difficulties to get better paid jobs elsewhere. When you are in a position to pay the people similar salaries as the private sector, I think you will also be able to compete on export markets more successfully.

Mr. Chairman, since we met last year I was happy to visit Japan, where the Co-operatives are very successful. During discussions with agricultural, consumers and fishery Co-operatives I learnt about their wish to promote trade links with other Co-operatives. Already now Japanese Co-operatives buy goods from sister organisations in several countries including the Republic of Korea and Thailand. Since many years they have also well established contacts with Co-operatives in the People's Republic of China. Because of its potential as a market for products of your Co-operatives, Japan is without doubt a country where Co-operative to Co-operative Trade could develop in the future. However, as in the case the West European market, also the Japanese market is highly sophisticated and one needs a lot of patience and knowledge, not mentioning good products, in order to succeed. This is certainly not an easy task for an exporter even with considerable knowledge of exporting. For Co-operatives in developing countries in Asia it is perhaps still more difficult. Because Japan is the only developed country in the Asian region, Japanese Co-operatives should also be keen to establish trade links with sister organisations in Asia. This matter was thoroughly discussed at my meetings with representative of UNICOOPJAPAN, COOPTRADEJAPAN, ZENGYOREN and IDACA during my stay in Japan. The response to the idea to strengthen Japanese trade links with your Co-operatives was positive.

May I therefore take this opportunity, Mr. Chairman, to suggest the ICA member organisations in Japan to consider a similar assistance programme as the one now being carried out by the Swedish Co-operative Centre in Stockholm, namely in this case to assist its sister organisations in

Asia to introduce their products on the Japanese market. This could be made by assigning one officer in Japan to be in charge of a unit that promotes products of Co-operatives in developing countries in Asia to Japanese Co-operatives as well as private importers.

Because of its limited import potential Australian and New Zealand Co-operatives might at present not be regarded to be significant buyers of goods from your Co-operatives, I learnt when visiting those countries recently.

Consumer Co-operatives in the Pacific are now discussing joint buying operations, ILO intends to render some assistance to them in this field. A COOPTRADE (PACIFIC) project might be set up during the second part of 1983, if funds are secured. Co-operatives in Asia could possibly be potential exporters of goods to sister organisations in the Pacific. I am sure ILO will keep you informed about any developments regarding such a project.

Recently I was invited to Moscow by Centrosoyuz, the Co-operative Federation of the Soviet Union. During discussions with its president, Mr. Smirnov and the vice president of its foreign trade organisation, Sojuzkoopvneshtorg, Mr. Astahov, it was learnt that Soviet Co-operatives are interested to establish trade links with sister organisations in Asia on a mutual basis. Mr. Smirnov visited Thai Co-operatives earlier this year, and I understand, that the Soviet Co-operatives are keen both to buy from and sell to your Co-operatives. For those of your countries, which have trade agreement with the Soviet Union, Co-operative to Co-operative business could possibly be included within the framework of the already existing Government to Government trade agreement.

A new edition of the COOPTRADE document on Co-operatives with Export and/or Import Potential has been given ^{to you} today. This time it includes information from Co-operatives in all the twelve countries covered by the ILO/SIDA COOPTRADE project.

The introduction of the booklet gives you a summary of major activities of the project. The first edition of this booklet was distributed in some 2000 copies to around 60 countries. A similar distribution will be made this time.

In a few weeks the ILO/SIDA COOPTRADE(ASIA) project will terminate its activities here in Asia. An ICA/SCC COOPTRADE(ASIA) project will continue to carry on the important task to promote trade of Co-operatives from the region.

The formal hand over will take place in New Delhi in connection with a regional pilot workshop on Export Marketing for Co-operatives, which is jointly organised by the International Co-operative Alliance and the COOPTRADE project of the International Labour Organisation. Co-operatives from the twelve developing countries which have been assisted by us, have been invited to send participants.

The workshop will test a training pack on Export Marketing for Co-operatives which has been jointly prepared by the ILO/SIDA MATCOM and COOPTRADE projects.

May I, Mr. Chairman, finally take this opportunity to thank all members of this sub-committee for their assistance to the ILO/SIDA COOPTRADE project during these four years. Would you kindly also convey Pieter Dorst's and my regards to all of your colleagues in your respective countries, whom we have had the pleasure and privilege to be associated with.

To Mr. Rajaguru, Mr. Rana, Mr. Puri and all other friends at the ICA, I would like to express my sincere appreciation for their assistance to the project.

To Alf Carlsson and his staff at SCC goes a special vote of thanks for their encouraging support to me since the start of the COOPTRADE project.

During the last few months the persons to be in charge of the new ICA/SCC COOPTRADE project, Ulf Bergström, has been working at our office in Bangkok. I am happy to tell this Sub-Committee that Mr. Bergström without doubt is a very suitable person for this job. We wish him the best of luck in his new interesting and challenging work. Lycka till, Ulf.

Thank you!



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