



Market Access

Sudip Chaudhuri
sudip@iimcal.ac.in

International Business and Investment Forum
on “Mobilizing investment, technology and
partnership opportunities for Africa’s
pharmaceutical industry”

UN Campus, Bonn, 1-2 March, 2018



Situation in Africa Today

- High import dependence
- Difficulty in competing against imports
- Practically no protection
- Deficiency of technical knowledge
- High cost of production, including
 - High interest rate
- Infrastructural problems



But

- All countries when developing industries faced the same problems that Africa faces today:



Lessons from history

- Industrial policy crucial – government need to intervene to support local production and local producers to enhance
 - Market access
 - Access to Technology
 - Access to Finance
- Understanding and coordination between government and private sector is crucial




Market access

- All countries have protected domestic producers to develop industries
- Cost initially higher not because of inefficiency but because of lack of experience
- Concerns against protection
 - Tariff measures
 - If domestic producers are unable to develop capacities, prices of imports will go up
 - Domestic producers will take advantage and charge higher prices
 - Non tariff measures
 - Higher prices due to less competition
 - Possibilities of shortages



Legitimate concerns but not insurmountable

- Successful countries which have used protection have also intervened to specifically manage prices and costs
- Tariff policy has been part of a coordinated strategy to avoid the pitfalls
 - Care has been taken for example to ensure that productive capacities develop to avoid shortages
 - Care has also been taken to monitor and manage the cost and price differential between the local industry and foreign competitors.



Market access: **questions for this Forum**

- Not whether to enhance market access but how to do so in
 - Highly competitive segment of the market where most African countries are already present
 - Value added segments where they are not currently present
 - Regional markets
 - International donor funded market
- How the private sector needs to respond and contribute as partners in the development of an efficient industry