



UNITED NATIONS
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Institute on Comparative Regional Integration Studies



Future Trends Series - GR:REEN Project

Title of the report

Making the Most of Africa's Commodities: Industrializing for Growth, Jobs and Economic Transformation

Area

Economy

Reporter

Economic Commission for Africa and African Union

Type of the Reporter

Regional Organisation

Periodically updated?

No

First issued year

2013

Latest update

2013

Official website

<http://www.foresightfordevelopment.org/sobipro/55/856-economic-report-on-africa-2013>

Language available

English

Short summary

The African continent's remarkable growth since 2000 is opening up opportunities and acts as a potential global growth pole. The decline in political conflicts along with economic growth, improvement of governance and political stability led the continent from pessimism to enormous potential. "This report argues that the deindustrialization of many African economies over the last three decades, resulting in their increasing marginalization in the global economy, was mainly the result of inadequate policies and offers a policy framework for these countries to trigger resource-based industrialization. Key among the components of this framework is the need to design and implement effective development plans and industrial strategies to address constraints and tap opportunities for African countries to industrialization."

Key trends

- "The key challenge for African countries today is how to design and implement effective policies to promote industrialization and economic transformation. Despite some gains in manufacturing over the last decade, the continent is yet to reverse the de-industrialization that has defined its structural change in recent decades: in 1980–2010, its share of manufacturing in aggregate output declined from more than 12 per cent to around 11 per cent, but remained at more than 31 per cent in East Asia, where labour-intensive industries induced high and sustained growth and helped lift hundreds of millions of

citizens out of poverty.”

- “On top of offering short- to medium term comparative advantages, commodity-based industrialization can, with the right industrial policies, serve as a launching pad for long-term diversification and competitiveness in new and non-commodity sectors in Africa’s commodity-rich countries.”
- “African governments need to put in place policies to facilitate linkage development. {...}, African governments need to make strategic interventions to empower indigenous firms to insert themselves and compete in regional and global value chains.”
- “The big differences in soft, hard and energy commodity sectors affect how linkages develop.”
- “Regional markets may offer more opportunities than traditional markets.”
- “Establishing marketing links and staying in GVCs is essential, but requires systematic investment and support.”
- “Trade agreements with traditional industrialized countries and emerging partners are important for entering new markets.”
- “All links in the value chain require support to upgrade.”

Suggestions

- “Adopt and implement a coherent industrial policy.”
- “Develop an appropriately directed local content policy.”
- “Adopt strategic interventions to insert indigenous firms in supply chains.”
- “Create appropriate inclusive and transparent institutional industrial-policy mechanisms.”
- “Boosting local skills and technological capabilities.”
- “Address infrastructure constraints and bottlenecks.”
- “Negotiate regional trade arrangements and foster intra-African trade.”
- “Improve policy implementation through coordination among ministries.”
- “Making the most of regional policy frameworks.”

Methodology

Research from primary and secondary sources

Reference to other trends reports? If yes, which reports?

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