
A positive relationship exists between economic growth and increased added-value of manufacturing, panel hears

Addis Ababa, 03 November 2014 (ECA) - “Does the level of development in the manufacturing sector influence economic growth in Africa?” Marc Luc Dagebégnon Akplogan, an economist and statistician at the Institut national de la statistique et l’analyse économique (INSAE) in Benin, answered this question saying that “The relationship between the manufacturing sector and economic growth depends on the amount of natural resources in the country.”

“The concentration of exports of manufacturing products has a positive impact on growth if, and only if, the proportion of natural resources among total exports is less than a certain critical value (50% of exports),” he explained.

On Sunday, November 2, he presented a paper called “The manufacturing sector, natural resources and economic growth in Africa: an approach by dynamic panels” during a session organized during the 9th assembly of the African Economic Conference that opened Saturday in Addis Ababa, Ethiopia.

“There is a positive and significant relationship between economic growth and the increased added value of manufacturing,” he said, revealing however that “the large amount of exports of natural resources as well as revenues from them have significant negative effects on growth in Africa”.

Akplogan confirmed that “the level of manufacturing added-value in the Gross Domestic Product (GDP) has not reached a critical threshold to significantly affect the level of the product per person living in Africa.” He said that the added-value of the still weak agricultural sector has a significant negative effect on growth.

The proportion of manufacturing products among exports for all developing countries rose from 25% to 35% between 1980 and 2005, he said, confirming that in Sub-Saharan Africa the proportion of exports of raw materials among all exports had fallen during the years 1998-2010.

Recalling that industrialization has become a “preoccupation in economic debates” in the past 50 years, Akplogan pointed out that “exports of basic products cannot provide African countries with strong,

sustainable economic growth since most African economies are based on agriculture with a low added-value”.

He therefore urged African countries to promote the growth of agricultural production on the one hand and the development of possibilities outside agriculture on the other hand, especially the processing of raw materials and services.

In his opinion, this policy will make it possible to significantly reduce poverty in particular, and to ensure the employment of an estimated 7-10 million young people who enter the job market each year.

He stated that Africa is rich in natural and human resources and could support an expansion of production and agricultural commerce.

With 733 million hectares of arable land, Africa has about 27% of the world’s total, according to data published in papers presented at the conference.

The panel also heard the report by Chidozie Anyiro from Gregory University, Uturu, in the Abia State of Nigeria, called “Adoption of cassava value-added innovation and its implication for rural livelihoods: the case of rural women in the Abia State, Nigeria”.

The study examined the effects of technological innovations on the consumption of cassava, a staple food for women in rural Abia.

Technological innovations in the processing of cassava have had positive economic effects on the life of rural women in this Nigerian state, according to the author. The speaker urged African governments to spread the new technologies to rural populations in order to help them improve their food habits and increase their revenue.

This 9th edition of the African Economic Conference runs until Monday, November 3 and brings together policy-makers, business leaders, economists and academics from around the world to discuss the theme “Knowledge and Innovation for Africa’s Transformation”.

Organized each year by the African Development Bank Group (AfDB), UN Economic Commission for Africa (ECA) and the United Nations Development Programme (UNDP), it offers a chance to study how to use knowledge and innovation for Africa’s economic transformation.

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