



United Nations Economic Commission for Africa

CHECK AGAINST DELIVERY

**the eighteenth summit
of the COMESA authority of heads of state
and government**

Statement by

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Your Excellency, President Joseph Kabila Kabange

Your Excellency, Prime Minister Hailemariam Desalegn

Your Excellencies,

Mr Sindiso Ndema Ngwenya, Secretary General of the COMESA

Distinguished Guests,

Ladies and Gentlemen

I would like to thank COMESA for inviting me to make some remarks at this August gathering. We at the ECA strongly believe and are convinced that industrialization is central to facilitating the modernization and structural transformation of African economies. This why we have given utmost priority to it in our policy research and publications, technical advisory services to member-states and regional institutions and also in our policy advocacy.

As you may be aware, the last four editions of our flagship publication- the Economic Report on Africa (ERA) have been devoted to different aspects of industrialization. The latest one, which we shall be launching shortly at the joint AUC/ECA Conference of Ministers of Finance, Economic Planning and Development, is on: Industrialization through Trade. In that report, we hope to

address the seeming tension building up in policy circles between industrialization and liberalized trade especially in the regional context. The two (industrialization and liberalized trade) as the report confirms, may not necessarily be contradictory. With appropriate national and regional policy instruments, regional free trade can boost industrialization in Africa.

Inclusive and sustainable industrialization, which is the theme of this meeting, in my view, has two major connotations. First is that small and medium scale enterprises must be crowded into the industrialization process such that foreign firms and multinational corporations do not dominate the industrialization agenda. Second, is that industrialization must create opportunities for the people in society; it must create decent jobs, expand wealth and improve the living standards of the people. In other words, industrialization must create a win -win situation for the state, private sector and the ordinary citizens. This is what inclusive and sustainable industrialization is all about.

However, those lofty objectives should not be assumed or taken for granted. The history of industrialization in different parts of the World especially at the formative stages does not suggest that it was inclusive and participatory. Indeed, the process of industrialization, characterized by a drive to expand and consolidate capital, was

underpinned by strong regulatory regime, and stringent social laws and policies, including low wages, long working hours and mostly indecent jobs. Often times, workers rights were denied.

But this is not the route we Africa shall choose. We do not need to reinvent the wheel. Times have changed and technological progress has revolutionized the industrial sector. Industrialization must have a human face, and must be people based and people driven. This is why our emphasis in Africa, and that of COMESA at this forum, is on inclusive and sustainable industrialization.

Your Excellencies,

The Africa rising narrative, which we all welcome and celebrate has unfortunately, not been accompanied by any meaningful industrialization, whether inclusive or sustainable. Indeed, available data suggests that the process of de-industrialization continues to deepen in Africa. According to our research at ECA, the contribution of manufacturing to GDP declined from 11.5% in the 1960s to 10.5% in the 2000s. Also, Africa's share of world manufacturing value addition fell from 1.9% in 1980

to 1.5% in 2011. The contribution of the industrial sector to exports in Africa is less than 20%, with reliance on primary products as the mean export earner.

This reality challenges us to think differently. Our current growth pattern is quite fragile and unsustainable. After about two decades of fairly stable economic growth, industrialization must be the next stage. It is the only way to add value to primary products, export competitive goods, significantly increase state revenue and foreign exchange earnings, create more jobs and provide better livelihood for Africa. One option in this regard is to adopt the "natural resources led industrialization" strategy in which abundant natural resources can be used to drive the industrialization agenda.

Let me share with you my strong conviction on this subject.

I do believe that industrialization, as a major component of development, cannot occur through the invisible hands of the market. The state has a central role to play in the industrialization process through effective planning, policy innovations, regulatory regime and providing infrastructure enablers. Industrialization is not a haphazard process; it is something that occurs through strategic vision and deliberate

actions of the state. Of course, the private sector is the ultimate agency of industrialization, but efficient state planning and implementation is essential.

Second, while I do believe in, and strongly encourage foreign direct investment, providing adequate incentives for local enterprises and domestic entrepreneurs is also very important in promoting inclusive and sustainable industrialization in our respective countries. It is these small businesses that will create more jobs and expand opportunities for people.

Third, there is need to rethink the educational system in support of industrialization. The colonial inherited educational system practiced in most African countries is not skills based, technology oriented and innovation driven.

Finally, I will urge that we pay greater attention and commitment to regional policies, programmes and priorities as a means of strengthening our capacity for collective action. It is only through collective action that Africa can gain a voice in the international arena, coordinate its activities better and promote Agenda 2063. The COMESA-SADC-EAC Tripartite free trade negotiations, the evolving COMESA industrialization policy and the SADC Strategy and Roadmap on

Industrialization due to be completed soon, are some of the regional frameworks and priorities that should define our industrialization efforts.

In unity obviously lies our strength.

I thank you for your kind attention.