

New leadership at AU Commission determined to industrialize AFRICA



Mrs Fatima Haram Acyl, Commissioner Trade and Industry,
African Union Commission

Cotton Africa Magazine was honored with an interview by the Commissioner Trade and Industry, African Union Commission, Mrs Fatima Haram Acyl on Africa's challenging industrialization journey.

Excerpts:

Briefly take us through the mandate and role of the Africa Union Trade and Industry portfolio

The Directorate of Trade and Industry (DTI) is one of the key departments of the African Union Commission. The DTI's mandate is to contribute towards making Africa an integrated trading bloc within the continent and a significant and competitive trading partner in the global economy. According to the Agenda 2063 of the African Union, the Department of Trade and Industry will contribute to the socio-economic structural transformation of the continent by diversifying and modernizing production structures through sustained industrial development.

How does the department's agenda interlock with the aspirations African

continent's development agenda?

The African Union Commission is celebrating the successes achieved in the 50 years since its establishment as the Organisation of The African Union way back in 1962. On 25th May 2014, we concluded the year-long celebrations. However, the achievements of the past 50 years have been the pseudo independence from the colonial and apartheid rules that dominated Africa for so many centuries. The achievement has been pseudo due to the absence of economic independence. Despite the fact that Africa is endowed with abundant human and natural resources, the dependency on donor funding and concessional loans from multinational institutions and other wealthier nations continue to derail Africa.

It is in this regard that AUC and member States are engaged in defining a participatory Agenda 2063 which envisions Africa's socio-economic transformation, inclusive growth and sustainable development. The agenda of the department is derived from three Continental Initiatives and frameworks that are central to the continental development agenda; namely the Accelerated Industrial Development of Africa, the Africa Mining Vision, Boosting of Intra-African Trade and

the establishment of the Continental Free Trade Area (CFTA). The ultimate objective of all these frameworks together with the Programme for Infrastructure Development (PIDA), Comprehensive Agriculture Development Plan (CAADP) inter alia is to increase employment, create wealth and contribute towards inclusive and sustainable growth and development.

What are the key challenges facing the industrialization effort in Africa?

As you are aware, Africa is not only under industrialized but it has been de-industrializing. One of the factors that hinder industrialization in Africa is lack of technological capabilities and proper infrastructure, however, this should not be seen in isolation of other key factors including lack of political commitment at national level to implement continental initiatives, lack of key skills, lack of data that can inform decision making, lack of coherence policy framework that decides on industrialization through a bottom – up, value chain approach, innovation, incentives for intellectual property rights and investment attraction. There is a need to mainstream industrial policy in national development planning so that we can ensure sustained sources of

financing from the public sector which can then be complemented with private sector funding.

Cognizant of the abundance of resources in Africa both human and natural, the focus of the department is to promote commodity based industrialization. Africa has been at the heart of industrialization for hundreds of years, mainly as a supplier of raw materials and labour (noting that the slave trade lasted over 300 years). For the past three decades, a number of industrialization initiatives were developed but never implemented. These include the first and second Industrial Development Decades for Africa from 1980 – 2000 which did



not yield any fruitful benefits. Reasons for this failure was partly due to the misguided one-fit-all policy prescriptions that were conditionally prescribed to African countries such as the Structural Adjustment programmes (SAPs), but also due to poor management and lack of clear leadership both at the member state level and at the AUC level. With the new and invigorated leadership at the AUC spearheaded by the AUC Chairperson H.E Nkosozana Dlamini Zuma, AUC is determined to change the way things were done in the past.

Currently, there are two important initiatives on industry which were adopted by the Heads of State and Governments that are being implemented: these include: the Action Plan for Accelerated Industrial Development of Africa (AIDA) as well as the African Mining Vision (AMV). These two take into consideration the earlier initiatives "Africa Productive Capacity Initiative" and they draw from lessons learnt from the past initiatives particularly to ensure the involvement of the private sector and key sectoral associations such as ACTIF. This is why our partnership with ACTIF is considered as very important. The implementation of African Continental initiatives can only be achieved by strengthening our collaboration with key partners and stakeholders working in specific sectors

and across sectors.

What is your take on the current state of the cotton, textile, and apparel industry in Africa? How does it compare internationally?

In pursuit of its objectives, particularly for Boosting Intra-African Trade (BIAT) and the realization of the Continental Free Trade Area (CFTA), AUC through the Department of Trade and Industry (DTI) in particular believes in the establishment of or promoting regional and/or continental value chains in strategic commodities both agro-based industries such as the Cotton to Clothing Value Chain but also in the minerals sector. This is the only way the skilled and high end employment especially for young people and women can be created. It is the only way wealth will be created along these value chains. With the deepening of integration agenda through the intra-regional trade, the proposed Tripartite Free Trade area (SADC-EAC-COMESA) and the upcoming Continental FTA, there will be seamless trade

across borders, removal of trade barriers both Tariff and non-tariff barriers, and the free movement of people, capital and factors of production. This will encourage cross border investments and promote regional value chains. The regional value chains will be integrated into the global value chains where Africa as a continent will no longer depend on exporting unprocessed raw materials but will join the rest of the world in trading in high-end manufactured and processed products. This will promote economic growth that is sustainable and contribute to the socio-economic transformation as envisioned under Agenda 2063.

Does the AU Trade and Industry department have plans/initiatives or mechanisms to kick-start the industry for enhancement of investment and trade?

The main DTI initiatives in this regard are the BIAT and the AIDA. They both focus on developing continental trade and industrialisation agenda towards the structural transformation of the continent. While the plans cut across different sectors, they address issues faced by different industries including the African Cotton sector related to value addition, developing competitiveness,

improving productivity and creating access to larger markets. In addition, the Commission is working on the development of an African Commodities Strategy focusing on the development of commodity value chains across the continent as well as ensuring the adequate pricing of key commodities. These initiatives will enhance trade and investment in the cotton sector. The plans also place emphasis on the need to engage the private sector and other actors along the entire value chain.

What is the department's take on the on-going EU – EAC EPA negotiations, which other trade pacts can the EAC draw lessons?

While the European market is important to African countries and Regional Economic Communities (RECs), it is important to ensure that initiatives such as the EPAs do not threaten Africa's overall integration agenda. The EPAs as they are being negotiated stand a chance of doing that because of the different market access offers from the different regions in the continent. In addition, it is important that RECs maintain the policy space and flexibility necessary to enact policy measures for their industrialization and structural transformation.

What is the AU Trade and Industry department's take on the AGOA initiative for the cotton value chain?

We believe that AGOA offers an important opportunity for African Cotton's access to the US market. We are currently focusing our energies on ensuring a long-term renewal of AGOA that is coterminous with the Third Country Fibre fabric provision in order to ensure continuing access to the US markets on a preferential basis as well as guaranteed investments to the sector. We are also working on ensuring improved rules of origin to provide for value addition and beneficiation of cotton and other products under AGOA as we feel that this is critical for the maturation and development of the industry. The upcoming US-Africa Leaders Conference in Washington provides a high level opportunity to advocate for the renewal of an enhanced AGOA.

Edited by Kimemia Mugo