

**STATEMENT BY H.E. MRS FATIMA HARAM ACYL
COMMISSIONER FOR TRADE AND INDUSTRY OF THE AFRICAN
UNION COMMISSION
AT THE OPENING SESSION**

OF

THE 20TH CONFERENCE OF AFRICAN MINISTERS OF INDUSTRY

NAIROBI, KENYA

JUNE 2013

- **Your Excellency, Uhuru Kenyatta, President of the Republic of Kenya.**
- **Your Excellency, Erastus Mwencha, Deputy Chairperson, African Union Commission.**
- **Your Excellency, Kandeh Yumkella, Director-General of UNIDO**
- **Honourable Ministers of Industry,**
- **Distinguished delegates,**
- **Ladies and Gentlemen**

It is a great pleasure and honor for me to welcome you all on behalf of **H.E. Dr. Nkosazana Dlamini Zuma**, Chairperson of the African Union Commission, to this Ordinary Session of the **20th Conference of African Ministers of Industry (CAMI-20)**, organized under the theme: ***“Accelerating Industrialization in Africa within the post-2015 Development Agenda”***. Let me first of all take this opportunity to express my sincere thanks and appreciation to the Government and People of the Republic of Kenya, for the excellent facilities put at our disposal for this Conference and for the warm hospitality extended to my delegation since our arrival in this beautiful city of Nairobi. I would also like to extend a

special thanks to the outgoing members of the Bureau of the 19th CAMI Conference, steered under the leadership of the Peoples' Democratic Republic of Algeria, for their dedication and accomplishment over the last two years. Special thanks and appreciation goes to our key partner organizations, namely, the United Nations Industrial Development Organization (UNIDO), the United Nations Economic Commission for Africa (UNECA), and the African Development Bank (AfDB), for their continued support, cooperation and collaboration in promoting the continent's industrial development agenda.

Excellences, Distinguished Ladies and Gentlemen,

The theme for this year's Conference is very relevant and timely, because as we approach the target date of 2015 for the attainment of the UN Millennium Development Goals (MDGs), it is crucial for Africa to place among its priorities, the rapid industrialization of the continent in the post-2015 development agenda. The importance of Africa's industrialization cannot be overemphasised, considering the important role that the sector could play in the socio-economic development of the continent. Rapid industrialization could serve as an engine that promote economic growth, create employment, enhance domestic revenue, improve balance of payment, guarantees food security and nurtures a vicious cycle of sustainable development on the continent. No region of the world has ever developed without industrialization. To unleash Africa's full potential, the continent must comprehensively embrace a bold transformation agenda driven by massive industrialization that is necessary for addressing the challenges of abject poverty, youth unemployment and income inequality. As

Africa prepares to embrace the post-2015 development agenda, the available policy space for the continent to effectively address decades of decline and lack of industrial competitiveness, excessive dependence on primary commodity exports, address new and emerging challenges such as youth employment and the ability to sustain broad-based economic transformation and structural change, has widened. This requires bold and visionary leadership, appropriate long-term planning and the implementation of development strategies with targeted policies that enhances industrial development on the continent.

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Africa's population has grown exponentially over the past 50 years. Currently, the continent has a population of over 1.2 billion inhabitants. Out of this figure, agriculture remains the largest employer of the majority of the population, employing about 90 per cent of the rural workforce. 60 per cent of the total labor force accounts for as much as 40 per cent of total export earnings, and provides over 50 per cent of household income and needs. Yet, the structure of many African economies has remained unchanged due largely to lack of industrialization and colonial legacies, which left structures, institutions and infrastructure designed to enhance the extraction and export of the continent's resources without a significant value addition. Since independence, the continent has concentrated in the export of few products, mainly unprocessed primary commodities. Although some diversification and value addition has been taking place, it has not been sufficient enough to make a significant impact on the continent's growth performance and industrial competitiveness.

While the causes of the low level of Africa's industrial base are many, there is an increasing agreement on the need for a new approach to the development of the continent. The new approach is to prioritize industrialization on the continent's policy agenda. Ensuring Africa's structural transformation requires a shift from commodity-based economy to an industrial economy. Industrialisation cannot be considered as a luxury, but a necessity for the continent's long-term survival and development in an ever competitive and globalized economy.

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It is evident that Africa is maintaining robust economic growth, with the average growth performance recorded at 5 per cent in 2012, and short to medium term prospects projected to remain strong in 2013 and 2014, respectively. Despite these positive growth trends, the continent has not been able to fulfil its industrial potential. With the continent home to 14 per cent of the global population it accounts for only 3 per cent share of world of the global GDP, receives only 5.3 per cent of foreign direct investment, and its global goods trade accounts for only 3.3 per cent share of world of imports and 3 per cent share of world of exports. These rates are even lower in the services sector, which stands at 1.7 per cent and 1.8 per cent of imports and exports, respectively. This relatively unfavourable position has led many African countries to develop new economic plans, boldly and confidently projecting themselves to become emerging economies with middle income status by 2020, 2025 and 2030. However, this cannot be achieved without effective industrialisation and serious attention given to

developing industrial-based economies through a commodity-based industrialization processes. Current statistics show that compared to other continents, Africa has the lowest share of manufacturing in aggregate output, with the share declining from 12 percent in 1980 to 11 per cent in 2010. This clearly shows that the issue of industrialisation must become central in our policy discourse and development planning processes at national, regional and continental levels.

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In recent years, the African leaders have recommitted themselves to fostering and promoting the industrialization of the continent through the endorsement and adoption of a number of major policy initiatives that present an opportunity for addressing some of the challenges of expanding and deepening Africa's industrial development. One of these initiatives is the Plan of Action for the Accelerated Industrial Development of Africa (AIDA), which was adopted during the Assembly of January 2008. Since then, remarkable progress has been made in its operationalization, including the development of the strategy for its implementation, the development of bankable regional projects for the Regional Economic Communities, and ... However, mobilizing domestic as well as foreign resources for the effective implementation of the regional projects has been a major constraint. This highlights the fact that financing Africa's industrial development should be a matter of priority for member states.

The world is in its third industrial revolution, but Africa has always been at the bottom of the scale in terms of achievements. Now is the time for the continent to play a major role in promoting industrialization. As we reflect on

the achievements over the past 50 years, industrial development sits low on the balance sheet. To overcome this abysmal record requires the implementation of sound industrial policies and programmes that encourage increased value-addition to raw materials, policies that target skills development, improve technological capabilities, increase access to capital, particularly for SMEs and those that promote women entrepreneurship in the industrialization process.

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1. I wish to recall that the industrialization of the continent has been discussed deeply by Ministers of Economy and Finance, during their Conference held in March 2013, in Abidjan. The Conference came up with some concrete recommendations that, if implemented, will lead to the accelerated industrialization of Africa. This includes the need for countries to promote technological innovation through research and development and the need for adequate resources to finance the industrialization process, and that requires massive resources mobilization.

2. Indeed, the Conference came up with the conclusion that our continent does not lack strategies and policies. The challenge we are facing is that of financing. In this regard, it is gratifying that the Conference of Ministers of Economy of Finance acknowledged the Accelerated Industrial Development of Africa Action Plan as central to the industrial development of African countries. Therefore, there a need for African countries to agree on mechanisms to find the issue of Alternative Sources of financing the African Union as soon as possible.

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Let me conclude by stating that over the last three days, the Senior Experts have worked very hard in preparation for your Conference. They have deliberated on many issues, ranging from the Post-2015 Industrial Growth in

Africa, to Long Term Financing for Africa's industrialization, and made recommendations for your consideration, on how to make the industrial sector play a central role in promoting sustainable economic growth and development on the continent. I commend them for their effort, dedication and commitment to the cause of Africa's industrial development. Let me end by once again expressing the appreciation of the African Union Commission to the people and Government of the Republic of Kenya for hosting this Conference.

I wish you all fruitful deliberations and I thank you for your attention.

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