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STATEMENT

BY

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DELIVERED AT THE

**INTER-INSTITUTIONAL COORDINATION MEETING FOR THE IMPLEMENTATION
AND DOMESTICATION OF THE AFRICAN UNION COMMODITY STRATEGY,**

Held under the theme:

“COMMODITY-LED INDUSTRIALIZATION FOR ONE AFRICAN MARKET”

At the

African Union’s Headquarters, Addis Ababa, Ethiopia

On

6th September 2023

Your Excellency Habtamu Tegegn, the Minister of Mines of the Federal Democratic Republic of Ethiopia;

The Behdja Lammali, Chairperson - Committee on Transport, Industry, Communications, Energy, Science and Technology at the Pan-African Parliament;

Distinguished Representatives of the Secretariat of the African Continental Free Trade Area and Regional Economic Communities and Regional Mechanisms;

Captains of Industry;

Members of Academia, Women and Youth here present;

Directors and Heads of Specialized Agencies and Technical Offices of the African Union;

Ladies and Gentlemen.

I greet each, and every one of you.

I also welcome you Addis Ababa, seat of the African Union.

This is the inaugural meeting on the implementation and domestication of the African Union Commodity Strategy.

We should have met earlier but I am glad that we are today meeting.

We are meeting with a focus on how we can pursue commodity-led industrialization across Africa.

We do so fully aware that we also have a vision of creating one African market under the African Continental Free Trade Area.

The African Union Commodity Strategy and the African Continental Free Trade are both flagship projects of the African Union Agenda 2063.

As a Department, we are very happy that we delivered the two in the first ten-year implementation plan of the African Union Agenda 2063.

As we meet today, I sure we are all very much aware that Africa is a continent of vast and valuable natural resources.

Preliminary estimates put the value of this resource endowment at US\$ 193 trillion.

This estimate comes against the background of the fact that Africa, according to the United Nations Environment Programme, is home to 30 percent of the world's mineral reserves; 8 per cent of the world's natural gas; 12 per cent of the world's oil reserves; 40 percent of the world's gold; 90 percent of its chromium and platinum, in addition to reserves of lithium, cobalt, diamonds, platinum, and uranium. Furthermore, Africa accounts for 65 per cent of the world's arable land and 10 percent of the planet's internal renewable fresh water resources.

Now, let us contrast this with our current aggregate Gross Domestic Product of US\$3.4 trillion.

The huge differential between the preliminary figures on the value of our natural resource endowments and aggregate Gross Domestic Products clearly shows that we are sitting on wealth.

That wealth increases when we also factor in the fact that Africa has a young and growing population which is currently 18% of the global total, will rise to 25% by 2050, 27 years from this year, and, rise to 38% in the 22nd century, 78 years from this year.

If we promote human capital development and utilization, we will generate capacities to add value to our natural resource endowments and consequently increase the absolute value of our aggregate Gross Domestic Product.

In fact, the African Union Commodity Strategy recognizes this through pillar 4 which focuses on leveraging skills development and Research and Development to promote value addition.

The African Union Commodity Strategy also recognizes the importance of partnerships.

In this respect, we welcome the announcement by His Excellency Xi Jinping, the President of China made at the China-Africa High Level Dialogue held just after the 2023 BRICS Summit in Johannesburg, South Africa, to launch programmes on supporting Africa's industrialization, agricultural modernization and talent development.

Similarly, we welcome the initiatives of the United States of America and Japan to partner with Africa in the development of Electric Vehicle batteries, with adequate provisions on recycling in order to promote environmental sustainability.

Equally important, Germany has communicated readiness to support the development of a European Union supported critical materials fund. We also welcome this.

At this stage let me state that on our own, and with our partners, we are moving in the right direction in implementing the African

Union Commodity Strategy in all the three sectors of minerals, agriculture and energy.

This comes against the background where we are elaborating the second ten-year implementation plan of the African Union Agenda 2063.

At the Departmental level, we have identified critical issues and are developing programmes which can enhance support to the implementation of the African Union Commodity strategy, during the second ten year implementation plan of the African Union Agenda 2063.

These include manufacturing; agro-processing; industrial skills development; industrial Research and Development; development of soft quality infrastructure, with the ultimate objective of coming up with the **Made in Africa** standard; intellectual property rights protection; deepening continental economic integration; export development and diversification; and, among others, positioning Africa to achieve high levels of inclusive growth and sustainable development.

It is against this background, many businesses around the world already see Africa as the next growth frontier.

We are.

African Entrepreneurs in this room and across the continent, take note of this.

As you do so, let me remind you of two common refrains.

The first one is that money follows growth and we are going to grow the African economy. Investments must follow the coming growth trajectory of Africa. They will make money and gain global market share.

The second one is that demography is destiny. We have a young and growing population, which will be a source of labour and consumption. Even in this era of artificial intelligence, human labour

is still very much required to spur productivity. The growing African Middle Class will transform Africa into a global consumption hub.

As I go towards concluding my statement, I would like to make six proposals with institutional and programme focus.

The first proposal is that we should work with partners to undertake an awareness survey of the African Union Commodity Strategy among ordinary Africans, policy makers, academics business people and other stakeholders. The results will enable us come up with a focused awareness creation campaign to popularize the Strategy among stakeholders across Africa.

The second proposal is that in order to affirm commitment to continuous dialogue to spur action on the implementation of the African Union Commodity Strategy, I suggest that we transform this inaugural meeting into an African Commodity and Value Addition Forum which would be meeting once every two years to assess results and agree on the way forward.

The Forum, would, among others, address the four strategic pillars of the African Union Commodities Strategy; namely: Commodity Markets and Pricing; Linkages and Diversification; Governance; Skills Development, and Research and Development. All these pillars call for broad-based dialogue among policy makers, entrepreneurs, academicians, women, youth, labour and civil society as well as representatives of the Regional Economic Communities. And I suggest we also include the participation of the United Nations Industrial Development Organisation and the Common Fund for Commodities in this Forum.

The third proposal is that each of the participants in the proposed Forum come up with a focal point in order to enhance accountability and timely communication.

The fourth proposal I would like to make is that as stakeholders in value addition to the African commodity sector, we reach out to African training institutions to develop internal capacities for skills

development in the processing of intermediate goods from our commodities. Currently, the largest cost component in African manufacturing is the importation of intermediate goods. Other than cost, this also puts Africa at the low end of the global value chains.

With capacities in the production of intermediate goods, we would enhance development of regional and continental value chains which would consequently increase intra-African trade. Such a development would also contribute to Africa's export development and diversification in the global markets.

The fifth proposal, related to the foregoing, would be the development of internal capabilities for industrial design. This would contribute to the development of enhanced capabilities for product development and branding which are also key to adding value to Africa's vast commodity sector.

The sixth and final proposal, but certainly not the least important, is that your meeting comes up with recommendations to the effect that in order to spur value addition anchored on innovation, each African country commits 1.5% of its Gross Domestic Product on Research and Development and another 1.5% for start-up development.

I invite you to critically review these proposals and come up with appropriate recommendations.

I will end here and wish this meeting fruitful deliberations.

I thank you all for your kind attention.