



Manufacturing

Introduction

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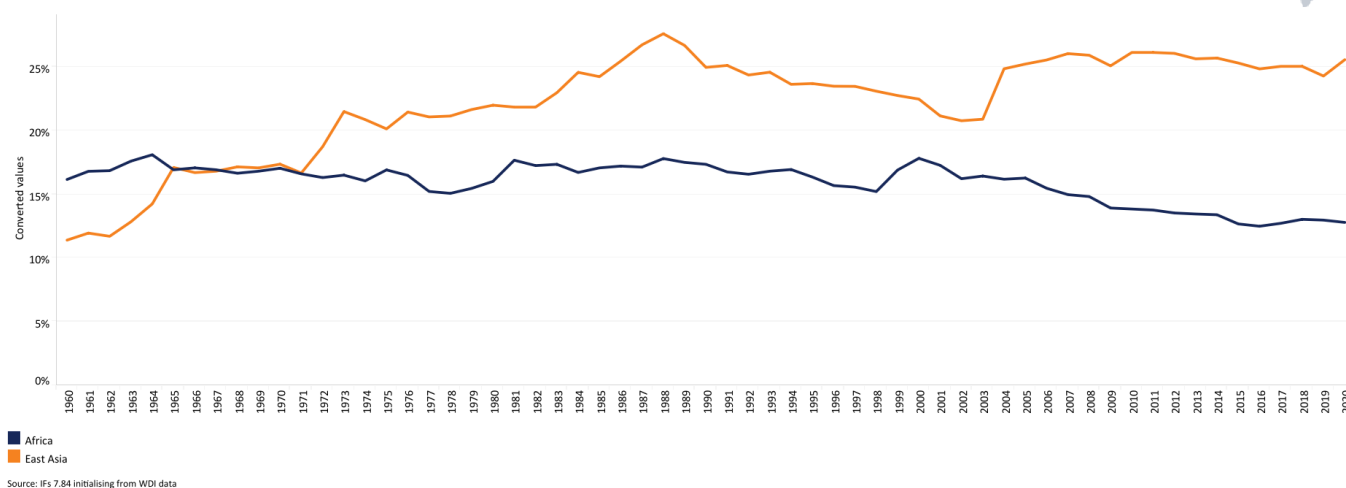
Introduction

Since the Industrial Revolution, rapid and sustained economic growth that alleviates poverty and reduces unemployment has generally been associated with the size and productivity of the manufacturing sector. Industrialisation has transformed countries such as the United Kingdom, the United States, France, Germany and Japan into some of the world's wealthiest nations. Most recently, it has helped the Asian Tigers—Hong Kong, South Korea, Singapore and Taiwan—catch up with advanced countries. Industrialisation has turned China, which accounts for about 30% of global manufacturing output, into one of the world's fastest growing economies globally.

Industrialisation is central to development; hence, building a productive manufacturing sector is one of the most promising strategies for creating formal jobs at scale, promoting sustained, inclusive growth and modern development.

However, despite its manufacturing potential (exemplified by its fast growing internal markets, abundant raw materials and large labour force), Africa's experience with industrialisation has been disappointing. Agriculture still plays a central role in many African economies, accounting for more than 60% of the labour force, although its contribution to gross domestic product (GDP) has declined. In fact, the slow growth of manufacturing in Africa has given way to the notion that Africa is deindustrialising as the manufacturing sector's contribution to Africa's GDP is either stagnant or declining (shown in Chart 1). In 2019, only 12 African countries had a manufacturing sector worth over US\$10 billion. Africa's share of global manufacturing has declined from about 3% in the 1970s to less than 2% currently.[1] Manufacturing production on the continent is also heavily concentrated in low-technology products such as food, textiles, clothing and footwear.

Chart 1: Trends in manufacturing share in GDP: Africa vs East Asia, 1960-2020



Today, fostering industrialisation is high on the list of priorities for African policymakers. The importance of manufacturing to unlock the continent's development potential is clearly articulated in the African Union's 2011 *Action Plan for the Accelerated Industrial Development of Africa* [2] and reaffirmed in *Agenda 2063*. [3] Industrialisation is also one of the 'High 5' priority areas of the African Development Bank. Under its *Industrialize Africa* strategy, the Bank is committed to helping African countries to accelerate their industrialisation and unlock their economic potential. [4]

This theme presents an overview of industrialisation in Africa and a manufacturing push scenario that shows the powerful potential of industrialisation to drive economic development and improve African populations' livelihoods.

Endnotes

1. African Development Bank, Africa Industrialisation Index 2022 Report, 24 November 2022.
2. African Union, Action Plan for the Accelerated Industrial Development of Africa, 2011.
3. African Union, Agenda 2063: The Africa We Want.
4. African Development Bank, Africa Industrialisation Index 2022 Report, 24 November 2022.

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About the authors

Dr Kouassi Yeboua is a senior researcher in African Futures and Innovation programme in Pretoria. He recently served as lead author on ISS studies on the long-term development prospects of the DR Congo, the Horn of Africa, Nigeria and Malawi. Kouassi has published on various issues relating to foreign direct investment in Africa and is interested in development economics, macroeconomics, international economics, and economic modelling. He has a PhD in Economics.

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