



Manufacturing

Introduction

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Last updated 11 July 2025 using IFs 8.34

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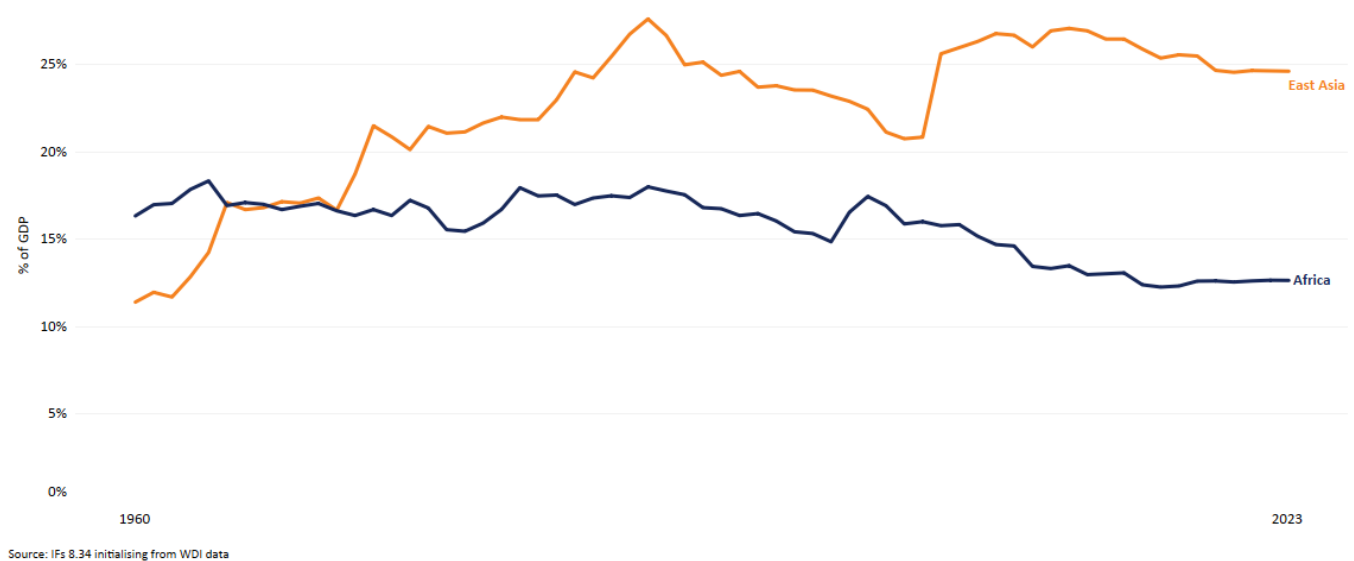
Since the Industrial Revolution, rapid and sustained economic growth has typically been linked to the size and productivity of the manufacturing sector. Industrialisation has transformed countries such as the United Kingdom, the United States (US), France, Germany and Japan into some of the wealthiest nations in the world. More recently, it has enabled the Asian Tigers (Hong Kong, South Korea, Singapore and Taiwan) to catch up with advanced economies. Industrialisation has also fuelled China's growth to the extent that, in 2010, it surpassed the United States to become the world's largest manufacturer. By 2023, China accounted for 29% of global manufacturing output, 12 percentage points ahead of the US. Industrialisation is central to modernisation: a vibrant manufacturing base creates employment at scale, drives technological progress and fosters broad-based, inclusive growth.

However, despite its manufacturing potential, including fast-growing internal markets, abundant raw materials and a large labour force, Africa's experience with industrialisation has been disappointing. Low-end services and subsistence agriculture still play a central role in many African economies, employing approximately 60% of Africa's labour force and contributing 20% to gross domestic product (GDP). The share of manufacturing value added in the continent's GDP has stagnated under 13% since 2020, leading to concerns of premature [deindustrialisation](#). In 2023, only five African countries (Nigeria, Egypt, South Africa, Algeria and Morocco) had a manufacturing value added over US\$10 billion.

Chart 1 depicts Africa's manufacturing value-added share in GDP from 2000 to 2043. Africa's share of [global manufacturing](#) has declined from about 3% in the 1970s to less than 2% in 2023. This contribution is significantly lower compared to other regions, placing the continent at the bottom of the global value chain. [North Africa](#) contributes the largest share of manufacturing value added on the continent, followed by Central and West Africa, which have experienced significant improvements over the past decade. In contrast, Southern Africa's share has been declining, while East Africa consistently has the lowest share of manufacturing value added across the continent.

In considering these percentages, it is important to pause and comment on the associated composition. In developed countries, the manufacturing sector includes a broad array of sectors such as automotive, electronics, food and beverage, textiles, chemicals, pharmaceuticals, aerospace and defence and industrial machinery. In Africa's low-income countries, it typically consists of small-scale, often family-based enterprises in the informal sector that make furniture, textiles and garments, process food and beverages and handicrafts with no or limited capital investment and use outdated technology. In lower-middle-income countries such as Kenya, Ghana, Nigeria, Côte d'Ivoire and Senegal, agro-processing of cocoa, coffee, cashews, maize, oil palm, as well as production of construction material, is rampant. Growth in manufacturing in these countries is often constrained by high energy costs, unreliable energy supply, weak infrastructure deficit, skills shortages and import competition compared to the more mature and globally integrated sectors such as automotive and component manufacturing, chemicals and petrochemicals, metals and machinery found in upper-middle-income African countries such as South Africa, Mauritius, Botswana and Namibia which face intense competition from Asia.

Chart 1: Trends in manufacturing's share of GDP in Africa and East Asia, 1960-2023



African industry is primarily focused on low-technology products such as food, beverages, textiles, clothing and wood. There is a limited presence in higher-value manufacturing. This slow growth in the manufacturing sector, combined with an early transition to services, has led to the perception that Africa is de-industrialising before it has a chance to industrialise. In other words, the continent risks missing out on the traditional manufacturing-led pathway to prosperity.

Fostering industrialisation is currently 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](#) and reaffirmed in [Agenda 2063](#). Industrialisation is also one of the 'Top 5' priority areas of the African Development Bank. Under its [Industrialise Africa strategy](#), the Bank is committed to helping African countries accelerate their industrialisation and unlock their economic potential.

The African Continental Free Trade Area (AfCFTA), launched in 2021, is a flagship initiative aimed at [overcoming](#) the small domestic markets that previously hindered industrial growth. By unifying Africa into the world's largest free trade area when counting participating countries and geographical areas, the AfCFTA is expected to create economies of scale for African firms and incentivise investments in cross-border value chains. Economic Report on Africa (ERA) estimates indicate that a successful AfCFTA implementation could increase Africa's combined GDP by US\$141 billion and intra-African trade by 45% by 2045. In the short term, AfCFTA also hedges against external shocks: for instance, African industries like automotive assembly and fertiliser production can shift to regional markets to bypass global trade disputes and tariffs.

Equally important is leveraging technology and sustainable practices to leapfrog traditional industrialisation stages. The diffusion of digital manufacturing techniques, such as automation, 3D printing and AI-driven processes, provides opportunities for African firms to boost productivity and join global supply chains in ways not possible before. There is also a growing emphasis on green industrialisation, using renewable energy and circular economy models to ensure industrial growth is environmentally sustainable. African governments and partners are investing in the enablers of modern industry, from Information and Communications Technology (ICT) infrastructure to reliable electricity. For example, [Africa's Industrialisation Week 2024](#) was held under the theme "Leveraging Artificial Intelligence (AI) and Green Industrialisation," highlighting the push to integrate advanced technologies and clean energy into manufacturing.

Significant investments in infrastructure and industrial zones are also underway. New highways, rail links, ports and power

plants across Africa aim to reduce the high transport and energy costs that have hampered competitiveness. Dozens of Special Economic Zones (SEZs) and industrial parks have been established to attract investors with better facilities and incentives. Ethiopia's government-led industrial parks, for instance, have been pivotal in attracting foreign investment into light manufacturing like textiles and apparel. Other countries are following suit: Nigeria opened the new Lekki Deep Sea Port in 2023, which now handles about 25% of the country's container traffic and is expected to improve logistics efficiency for manufacturers. In Central Africa, the Democratic Republic of Congo (DR Congo) broke ground in March 2025 on the Musompo SEZ in cobalt-rich Lualaba province, a 900-hectare zone dedicated to battery and electric vehicle production, developed in partnership with Zambia and international investors. Projects like these seek to move African countries up the value chain, for example, from simply mining minerals to producing battery precursors and assembling electric vehicles locally.

Current developments signal a renewed commitment across Africa to harness manufacturing as a driver of inclusive growth. The theoretical foundations laid by development economists, from structural change models to Kaldor's growth laws, remain highly relevant to Africa's situation. They suggest that shifting resources into manufacturing and higher value-added activities is essential for sustained growth.

The following sections explore these concepts and Africa's progress in more detail, before presenting a scenario analysis of a manufacturing push. The Manufacturing scenario illustrates the potential outcomes by 2043 if Africa pursues aggressive industrialisation policies, as well as the impacts on jobs, incomes and broader development goals.

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Cite this research

Jakkie Cilliers and Marvellous Ngundu (2025) Manufacturing. Published online at futures.issafrica.org. Retrieved from <https://futures.issafrica.org/thematic/07-manufacturing/> [Online Resource] Updated 11 July 2025.

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Dr Jakkie Cilliers is the ISS's founder and former executive director. He currently serves as chair of the ISS Board of Trustees, head of the African Futures and Innovation (AFI) programme at the Pretoria office of the Institute, and is an extraordinary professor at the University of Pretoria. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

Dr Marvellous Ngundu is a Research Consultant at AFI. He holds a Ph.D. in Economics from the University of Johannesburg in South Africa. He is the recipient of the 2024 Megatrends Afrika Research Fellowship at the Kiel Institute for the World Economy (ifw) in Germany, as well as the 2020/2021 fellowship program of the China Africa Research Initiative (CARI) at Johns Hopkins University's School of Advanced International Studies in the United States. His research interests lie in the fields of international, political, and development economics, with a particular emphasis on Africa-China economic relations.

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