

Africa and Industrialisation: What Role for the Research Community?

Introduction

Industrialisation is on the agenda of many African countries. Industrialisation has been defined as ‘the rise of the manufacturing sector’, a means for achieving structural economic change and development which results from the higher productivity growth and per capita incomes that it generates (Naudé, Szirmai and Lavopa 2013:3). In the last few years, it appears that there is more seriousness in terms of implementation of that agenda than ever before. A major reason could be the realisation of the vulnerability associated with overdependence on production and export of commodities. This was particularly so in the wake of the global and financial crisis of 2007–2009 which, in the case of commodity producing countries, led to a significant decline in output, export revenues and employment (Moyo 2016:36–37). Indicators such as Manufacturing Value Added (MVA) share in Gross Domestic Product (GDP), Competitive Industrial Performance (CIP) index, among others, show that Africa’s performance on industrialisation has been poor as compared to the rest of the world, according to the United Nations Development Organization (UNIDO 2016) and the World Bank (2017). That is despite the continent’s rich endowment in natural resources such as oil, minerals and land.

Renewed interest in industrialisation

At continental level, the growing importance of the industrialisation agenda seems evident in long-term visions and strategies such as the African Union Commission’s (AUC) Agenda 2063 and the Mining Vision, and also in international development frameworks such as Sustainable Development Goals (SDGs) under Agenda 2030. The AUC is also implementing the Accelerated Industrialisation Development for Africa (AIDA). Regional Economic Communities (RECs) have also developed

Theresa Moyo
University of Limpopo
South Africa

frameworks for industrialisation. For example, in 2015, the Southern African Development Community (SADC) approved the SADC Industrialization Framework and Roadmap. The region is currently developing an Action Plan for the implementation of that Roadmap. The Economic Community of West African States (ECOWAS) has developed a Common Industrial Policy (WACIP 2015–2020). At their meeting in April 2015, leaders of the region agreed on four regional priority sectors, namely, agro-industry and agribusiness, pharmaceutical industry, construction industry and automotive and machinery industries. In its Industrialization Strategy 2012–2032, the East African Community (EAC), has identified as priority, six strategic sectors have been identified for priority development and these are the iron-ore and other mineral processing, fertilisers and agrochemicals, pharmaceuticals, petro-chemicals and gas processing, agro-processing and energy and bio-fuels (TradeMark Southern Africa 2017). The Board of the African Development Bank recently approved the Bank’s Industrialisation Strategy for Africa 2016–2025 (African Development Bank 2017). All these are indicators that show some seriousness in embarking on industrialisation. But clearly, the poor performance in terms of Africa’s Manufacturing Value Added (MVA) relative to other regions in the world, demonstrates that much more has to be accomplished. As most of the ongoing initiatives are fairly recent, there is room for the research community to make a significant contribution in terms of imagining, conceptualising and shaping the policy and strategic direction for a new industrialisation approach for the African continent.

Critical issues for research

Research on Africa’s industrialisation could focus on a number of issues. Firstly, because there is much concern about the failure of past efforts, a number of scholars now speak of ‘new industrialisation’, a term that emphasises that this current wave of industrialisation has to be ideologically, technologically and qualitatively different from past experiments. The history of industrialisation in Africa conjures up memories of transnational capitalist exploitation. These corporations were part of the colonial machinery and became an instrument for the exploitation of Africa’s resources for the benefit of what Walter Rodney and others referred to as the ‘centre’ – the capitalist economies of the North. Even after achievement of political independence, MNCs were associated with payment of low wages and repatriation of most profits to an extent that benefits to local economies were very limited. Amin strongly argues against what he refers to as ‘accumulation by dispossession’ which was and continues to exploit Africa’s natural resources and people. He observes that:

Accumulation by dispossession continues in front of our eyes. In the late modern capitalism of the contemporary oligopolies. In the centres, monopoly rents – the beneficiaries of which are the oligopolistic plutocracies – are synonymous with the dispossession of the entire productive basis of society. In the peripheries, this pauperizing dispossession manifests itself in the expropriation of the peasantry and the plundering of natural resources of the regions in question. These practices constitute essential pillars for the expansion of the late capitalism of the oligopolies (Amin as quoted in Moyo (2016:40)).

A number of research issues can be considered. Firstly, as a resource-rich continent, it almost seems sensible to adopt a resource-based industrialisation approach. Yet critics argue that it is too expensive and would not be feasible for Africa particularly because of the limited technological and skills base. Yet it is also possible to start off with low-cost technology light manufacturing, which a number of countries are already engaged in. In that case, processing may be viable in some lines of production, for example agro-processing, food and beverages, wood and furniture, chemicals and pharmaceuticals, all of which utilise local resources. So research could focus on identifying sectoral priorities that could constitute the basis for industrialisation.

Secondly, given the deficit that faces many countries in regard to technology and the resources required, there appears to be a new wave of mobilising Foreign Direct Investment (FDI) whereby a number of countries have embarked on a drive to attract Chinese and other foreign investors to support them in their efforts. For example, Morocco is reported to have signed an agreement with the Haite Group from China where the company will launch an industrial park near Tangiers. Two hundred Chinese companies are expected to participate and they will create tens of thousands of jobs. Over the next ten years, investments of ten billion US dollars (Channel News Asia 2017) are planned. Tanzania is also reported to have invited Chinese and Singaporean clothing firms. An industrial park is under construction as well as a megaport to facilitate trade with the two countries. The Ethiopian government, under its Growth and Transformation Plan (GTP) I and II, has involved Chinese companies in building rail and road infrastructure and also in supporting its agro-based industrialisation, with a focus on the leather and shoe manufacturing industries. South Africa is cited as one of the few African countries to have 'successfully' experimented with participating in Global Value Chains (GVCs). Its auto assembly and auto components manufacturing has seen multinational companies like

Mercedes Benz, Toyota, Hyundai, Ford, Chrysler, to name a few, locate in South Africa and produce for the domestic as well as export market in and out of Africa, with claims that thousands of jobs have been created.

Research has to interrogate the question as to whether or not the FDI-route is the way for Africa to industrialize and if not, what are the feasible options? What lessons could be drawn from all these and other experiences regarding the role of FDI in the new industrialisation? Is it really possible for African countries to enter into win-win agreements in the context of South-South, North-South cooperation, (including MNCs) in their pursuit of GVCs? Who drives the industrialisation agenda? For whose benefit? What is or what should be the role of the state? How do citizens participate? On what terms? What kind of agreements or deals should African governments enter into in order to avoid the exploitation of the past? The academic and research community could contribute towards development of the practical modalities and approaches that can result in 'win-win' partnerships.

Thirdly, issues of inclusivity, equity and economic empowerment are pertinent in this debate. What kind of industrialisation framework will lead to not just structural transformation of African economies but political, economic and social transformation? What approach ensures inclusive and equitable development? How can industrialisation be used as a tool to empower the rural poor, peasant farmers, women, the youth, Small and Medium Sized Enterprises (SMEs) and the informal economy where small-scale manufacturing is taking place? Is the African Development Bank's agro-allied industrialisation strategy likely to transform rural economies and to benefit women and the youth?

Finally, how does Africa achieve a skills revolution in the field of Science, Engineering, Technology and Mathematics (STEM) and in developing the entrepreneurial capacity that is so fundamental to the vision for industrialisation?

Conclusion

The re-emergence of industrialisation as a development priority in Africa is a phenomenon that has become a reality as evidence shows. The research community can play a very important role in contributing to the discourse on what kind of industrialisation framework, how to engage FDI, how to ensure that industrialisation is transformative and inclusive politically, economically and socially.

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