

Trade and Development Board, fifty-ninth session
Geneva, 17–28 September 2012

**Plenary on Item 6: Economic development
in Africa: Fostering industrial
development in Africa in the new global
environment**

Speaker: South Africa

Thursday, 20 September 2012

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UNCTAD

59TH REGULAR SESSION OF THE TRADE AND DEVELOPMENT BOARD (TDB)

SOUTH AFRICA STATEMENT ON AGENDA ITEM 6,

**ECONOMIC DEVELOPMENT IN AFRICA: STRUCTURAL TRANSFORMATION
AND SUSTAINABLE DEVELOPMENT IN AFRICA**

20 SEPTEMBER 2012

Mr. President,

Deputy Secretary-General of UNCTAD,

South Africa aligns itself fully with the statements made by Mauritius on behalf of the Africa Group and by Indonesia on behalf of the G77 and China.

My delegation would also like to thank the UNCTAD Secretariat for the preparation of the documentation.

South Africa greatly appreciates the on-going focus which UNCTAD places on the continent, through its research and analysis of economic challenges confronting Africa, particularly in the area of trade and development. This research and analysis provides useful policy options and improves our understanding of the range of development challenges confronting Africa.

The Economic Development in Africa Report 2012, with its focus on the dilemma of accomplishing much-needed economic growth through structural transformation while also protecting the environment, makes a welcome contribution to the international debate on sustainable development in the context of the outcomes of the UN Conference on Sustainable Development (Rio+20) and the proposal to develop the Sustainable development Goals (SDGs). South Africa holds the view that the SDGs should not deflect action and attention away from promoting the attainment of the Millennium Development Goals (MDGs). In our view, the proposed SDGs should be developed to strengthen the MDGs, with poverty eradication as an overarching and crosscutting goal that should inform all international efforts towards creating a balance between the three dimensions of sustainable development. In this regard, UNCTAD should continue its work towards promoting analysis, reflection and recommendations regarding the green economy and poverty alleviation in the context of sustainable development. UNCTAD must frame discussions on the interface of trade and the green economy in the context of sustainable development and poverty alleviation, and analyse developing country prospects and conditions that would enable their economies to move towards a more equitable development.

Mr. President,

The Report makes some interesting observations in relation to the economic growth potential of the African continent. It cautions about the risks of continued reliance on low value-added extractive activities and it also underscores the need to increase productive capacity in the manufacturing and services sectors. Achieving inclusive

and sustainable development in developing countries requires structural change and the development of productive capacities, necessitating the shift of resources from low to high productivity activities.

We concur with the Report's findings that efforts to accelerate the development and structural transformation of African economies, including expanding industrial capacity through the efficient use and consumption of domestic natural resources, are hindered by very substantial obstacles. In particular, I wish to highlight the challenges related to access to finance, reductions in aid for trade funding, infrastructure development, and trade facilitation. My delegation believes that international trade rules can also be a possible constraining factor in relation to economic development in Africa. For example, over many years, developed countries have continued to maintain agricultural subsidies that have caused distortions in international markets, resulting in unfair competition and a materially adverse impact on many exporters from the African continent.

Mr. President,

It is clear that Africa's challenge is to move off an economic growth path built on consumption and commodity exports onto a more sustainable developmental path, one that is based on economic diversification and dynamic, globally competitive industrialisation. In this respect, we believe that a regional industrial policy framework will be a strong foundation for, and will contribute to, improved productive capacity and output on the African continent, leading to rapid and sustainable growth, employment creation and poverty eradication. My delegation calls upon UNCTAD to strengthen its technical, policy and research support directed to the African continent's on-going regional integration initiatives such as the Trilateral Free Trade Agreement and, later, the Continental Free Trade Area.

Mobilizing investment and ensuring that it contributes to sustainable development is a priority for all countries. Today's international investment landscape is characterized by developments that are both promising and challenging. Strong growth poles in the South are changing that landscape in fundamental ways. At the same time, the weak and uneven recovery inflows of foreign direct investment since the financial crisis of 2008 and the lack of investment in productive sectors in many poor countries are a cause for real concern. In addition, a new generation of investment policies is emerging, as governments pursue a broader and more intricate development policy agenda, while building or maintaining a generally favourable investment climate.

These new generation investment policies place inclusive growth and sustainable development at the heart of efforts to attract and benefit from investment. Against this background, it is of particular importance to maximize the sustainable development contribution of international investment. We call upon UNCTAD to assist developing countries with a holistic and systemic approach to examining the universe of national and international investment policies and mainstreaming the development dimension into investment policy regimes. My delegation notes with keen interest the need for the strategies proposed in the Report to be led by an effective developmental State, backed by an appropriate enabling international environment, recognizing the need for African countries to retain their policy space in order to advance national developmental objectives.

I thank you, Mr. President.