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

General statements by regional groups
Speaker: European Union

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EU Statement

Geneva, 20 September 2012
Mr President,
Secretary General,
Excellencies,
Distinguished Delegates,

I have the honour of speaking on behalf of the European Union and its Member States.

We thank the Secretariat for the background document 'Economic Development in Africa Report 2012: Structural transformation and Sustainable development in Africa’ and acknowledge the work of UNCTAD in this area.

1. We acknowledge that structural transformation plays a significant role in promoting inclusive and sustainable economic growth. We encourage African economies to implement the necessary structural reforms to promote domestic industrialization. These transformations will involve changes in the legal and economic environment; investment in productive capacities; diversification of the economy; implementation of reforms to attract Foreign Direct Investment; investing in infrastructures, education and health; and institutional capacity building.

2. In order for African countries to join the rank of middle-income economies, developing countries in Africa may focus on two main issues: (a) the modernization of smallholder agriculture and its integration into the fast-growing agribusiness chains; and (b) the renewal of industrialization strategies to promote enterprise creation and growth in the agribusiness and manufacturing sectors to raise productivity levels outside of agriculture.
3. In most countries in sub-Saharan Africa at present, the majority of the population is engaged in agriculture, with economies in the early stages of structural transformation. This process of transformation has many dimensions. We can mention the links among some factors: increased agricultural productivity, rural industrialization, the expansion of agricultural markets, and the demographic transition. All of these are critical to reducing agriculture's share in the total labour force, improving work and social conditions and promoting broad-based sustainable economic growth.

4. We have underlined in the past the importance of Small and Medium Size Enterprises (SMEs) and the need to develop a transparent, legal and regulatory framework to promote SMEs investments. Concerning the sectors which may be the focus of these SMEs we can mention the agribusiness and the tourism industries –the development of a competitive, sustainable and qualitative tourism industry will help diversify the economies of these developing countries.

5. We support African economies to use their national incomes to invest in education and in capacity building to overcome economic and social vulnerability and promote gender equality and women empowerment. It is essential to have a comprehensive approach to education at all levels, including vocational training. Investment in reliable and effective state institutions, promoting good governance, should be led by developing countries themselves aided by international support.

6. African governments economies will benefit from maintaining constant dialogue with the private sector: investors and enterprises are essential to identify and seize opportunities to diversify these economies, reduce dependence on commodities, attract investment and promote competition as well as promote a higher value-added economy.

7. African developing countries should also encourage regional trade and south-south cooperation: large markets and deeper regional integration will provide economies of scale for large production and attract Foreign Direct Investment (FDI).

Mr President

8. We are committed to support African economies in their search for a solid pace of growth. Structural transformation is a necessary process to change agrarian economies into diversified and productive economies focused upon manufacturing and services. Both our development policy and
expertise are focusing upon those countries most in need; we are keen to work together with our African development partners in this challenging enterprise.

Thank you.