

**STATEMENT OF THE AFRICAN GROUP ON AFRICA
INDUSTRIALISATION DAY**

20 NOVEMBER 2004

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African Industrialisation Day
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We celebrate Africa Industrialization Day this year with some optimism about the continent's future. The theme for the year: "strengthening productive capacity for poverty reduction within the framework of NEPAD" captures the scope of challenges ahead. The NEPAD Secretariat is now the first stop for discussions about Africa's future, and represents a unique demonstration of African commitment to managing its destiny.

The African continent is so well endowed with natural resources, representing a powerful potential for sustainable economic growth. This led African Ministers of Industry to commit themselves to the transformation of this potential into tangible opportunities for the well being of the African peoples. We welcome the initiative of African Ministers of Industry in ensuring the establishment of the African Productive Capacity Initiative as the industrial development component of NEPAD. This further ensures broad recognition of the important and significant contribution that industry makes to economic growth. It puts industrialization firmly back in today's development agenda.

We believe that, through the APCI, African countries will be able to increase their share in global trade by initially concentrating in strengthening intra-regional trade. In this way, we believe that a sustainable foundation for poverty reduction will have been laid.

Since the approval of the African Productive Capacity Initiative, UNIDO has joined NEPAD as an active partner in development. The regional economic communities, in an approach consistent with the NEPAD strategy, will lead the implementation of the African Productive Capacity Initiative. IN addition, the private sector plays a critical role in the formulation of sectoral action plans, designed to guide African manufacturers and entrepreneurs into global value chains.

Ladies and Gentlemen, Distinguished Guests,

It is becoming increasingly clear that Africa will not be able to achieve the Millennium Development Goals under the present economic, social and political international order. Despite this, poverty reduction has become a central theme in African policies for job creation and income generation. According to the Industrial Development Report, "...arresting and reversing economic decline in Sub-Saharan Africa is the most vital global development challenge today".

Achieving the Millennium Development Goals will require an average annual growth rate of between 4% and 7%. This is a big challenge but we strongly believe that it is possible to achieve this target. To do so, African economies need to concentrate on increasing production and improving productive capacities, ensuring that higher value added to our exports and international quality standards become the norm rather than the exception.

Dependence on trade in primary products – which anyway constitutes only 2% of global trade – must be phased out to allow for the production of manufactured goods.

Trade in manufactured goods comprises about 75% of global trade. IN order to participate effectively in international exchange, Africa must manufacture products that stringent meet international standards. This is the only way of ensuring that wealth is generated on an equitable basis.

Ladies and Gentlemen, Distinguished Guests,

Looking towards the future, the African Productive Capacity Initiative offers us a challenging opportunity to improve Africa's share of global output. It also offers us an opportunity to improve regional integration and to take advantage of the domestic market within Africa.

It is important, at this juncture, to note that the African Group recognizes the contribution that Integrated Programmes have made to industrialization in selected countries.

Director-General,

Allow me to take this opportunity to personally thank you for your continued support of the African agenda, and particularly to the commitment demonstrated in the implementation of numerous integrated and regional programmes designed to improve the share of industry in our economic performance.

To conclude, I would like to make an appeal:

As we all know, the African Productive Capacity Initiative will need the full support of the international community, including the banking system, to achieve its own ambitious goals. For this reason, the African Ministers of Industry also established the African Productive Capacity **Facility**. The Facility is conceived as a flexible financing arm of the Initiative whereby any interested stakeholder can make a financial contribution in support of the development of a specified industrial branch or sub-sector in any region – in accordance with the sectoral priorities of the African Productive Capacity Initiative

Thanks to you all for your attention.