



STATEMENT BY

**DR. ROB DAVIES
MINISTER OF TRADE AND INDUSTRY**

**13TH GENERAL CONFERENCE OF THE
UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
(UNIDO)**

**7 DECEMBER 2009
VIENNA**

Check against delivery

Mr. President
Distinguished Delegates
Ladies and Gentlemen

On behalf of my delegation I would like to congratulate you, Mr. President together with the members of your Bureau, on your appointment. South Africa has full confidence in your ability to steer the deliberations towards fruitful outcomes. I offer the full support of my delegation to you and your team throughout the course of the General Conference.

My delegation joins other Member States in congratulating Dr. Kandeh Yumkella on his re-election as Director-General of UNIDO for another term. South Africa is looking forward to continuing its close co-operation with the Director-General in support of his efforts to be the trusted, efficient and reliable partner for development, in particular, in the promotion of the industrialization of the African continent.

With regard to the agenda before us, this delegation associates itself with the statements of the Africa Group and the Group of 77 + China. We also wish to acknowledge the support provided by UNIDO to on-going efforts to promote industrial development on the African continent. Over the years, UNIDO has been a constant supporter of the African Union and spearheaded initiatives such as the African Productive Capacity Initiative, the Action Plan for Accelerated Industrial Development of Africa, African Investment Promotion Agencies Network, and many other initiatives that contribute to industrialisation of the continent.

Mr. President

South Africa is firmly of the view that industrial development must be at the centre of efforts to overcome poverty and underdevelopment. We are well aware that there is no instance in economic history of any country, anywhere or at any time, overcoming poverty and underdevelopment without identifying and supporting economic activities capable of generating increasing, as opposed to diminishing, returns. Industrial activities have always been at the forefront of efforts to set out on such a growth path.

For too long, African economic activity has been dominated by the production of primary products susceptible to commodity cycles, but we are increasingly coming to realise that this cannot be the basis of sustainable development in the future. Consequently, we now recognise that industrial upgrading and diversification must become a central feature of our efforts to promote development in Africa.

We in South Africa will shortly be adopting our next Industrial Policy Action Plan. This will focus on stimulating industrial activities capable of producing inputs to support infrastructure programmes, energy savings and green jobs and agro industries. We will also take forward our programmes in the automotives sector, clothing and textiles and chemicals amongst others. While we pursue our own national programme, we are also conscious of the need to support initiatives at the regional and continental level. In this regard, we are working to build industrial standards and norms including institutions to enforce these standards, build industrial innovation systems, invest in energy security especially renewable energy, and build responsive human capital development systems in our region and across the continent. Our efforts in these

areas are at an initial stage, but with the help of our development partners, we are beginning to see some signs of progress.

Mr. President

The global economic crisis has affected most countries negatively. What started as a financial crisis in the developed world escalated into the deepest and most serious global economic crisis since the 1930's. It has seen significant asset depreciation, closures of companies, rising unemployment, a sharp economic decline and has plunged most highly industrialised countries into a recession simultaneously. In addition, the international credit crisis has meant that loanable funds have become scarce and expensive while international prices of key export commodities have fallen.

Developing countries have found themselves among the hardest hit by a combination of declining demand and falling prices for commodities. At the same time, financial flows of both the aid and investment, to the developing world have fallen sharply. Fragile manufacturing activities in developing countries have also been adversely affected as firms started cutting back on production leading to massive job losses. Indeed, a number of countries, including our own, continue to confront a major challenge to avoid losses of existing industrial capacity.

In responding to this recession governments should at all times strive to avoid the risk of unfairly placing the burden of the downturn on the poor and vulnerable who did nothing to cause the crisis in the first place. In particular, it is imperative that essential counter cyclical stimulus packages put in place by developed countries should avoid the temptation of supporting industrial activities in the developed world at the expense of those located in the developing world. Rather, the focus should be on coordinated programmes aimed at strengthening capacity of both the developed and developing countries to continue to develop industrial capacity and create decent jobs.

Governments need also to intervene to arrest the declining demand through adopting appropriate macroeconomic and monetary policies capable of supporting firms to avoid or minimise massive job losses. Governments should also assist firms to improve their productive capacity and competitiveness to assist them access global markets and therefore maintain their manufacturing capabilities.

Manufacturing and other productive sectors are the engines of sustainable growth and directly and indirectly stimulate sustainable creation of decent jobs. Indeed, the manufacturing sector has a potential to be the main sector to lead economic revival. Developing countries, therefore, should identify areas with a potential to lead their revival and then support them.

While we talk of the potential of the manufacturing sector to contribute to economic revival, we also need to be aware of the imperative for all industrial activity to become greener and more energy efficient. This is essential to avoid the catastrophic effects of climate change, but it also needs to be recognised that green industrialisation is a major source of opportunity for the development of new, medium technology, industries in the developing world in such areas as:

- Solar water heating,
- Concentrated solar power production,
- Wind and biomass energy production, and
- Biofuels.

Mr President

South Africa earnestly hopes that this 13th General Conference will lead to a strengthening of UNIDO as a critical agency for the promotion of industrial development in general and of greener industrial development in particular. South Africa looks forward to continued fruitful partnership with UNIDO and pledges its support for all UNIDO's efforts, particularly those on our own continent.