Honorable guests, 
Ladies and Gentlemen,

It is a great privilege for me to be here with you today at the Sino-German Intelligent Manufacturing Investment Cooperation Conference, which brings together the public and private sectors from two leading countries, Germany and China. This meeting provides the platform for an open and fruitful discussion on how Germany and China can jointly contribute to uplifting their economies through sustainable business partnership models. I would like to express my most sincere appreciation to the China Investment Promotion Agency (CIPA) and to the Sino-German Industrial City Alliance for organizing this important event.

Distinguished guests, 
Ladies and Gentlemen,

Several advanced and developing economies, including Germany and China, are already actively implementing the concept of Industry 4.0, marking the Fourth Industrial Revolution.

Increasingly, companies are applying innovative solutions, including through the “Internet of Things” (IoT), cloud computing, miniaturization, and 3D printing, that will enable more interoperability and flexible industrial processes and autonomous and intelligent manufacturing. Industry 4.0 has the potential to improve productivity and competitiveness, to increase energy and resource efficiency and, hence, to protect the environment.

As such, the advent of Industry 4.0 brings a plethora of opportunities for development and it can constitute a major step forward towards achieving the global objectives set forth in the 2030 Agenda for Sustainable Development and its associated Sustainable Development Goals (SDGs), in particular Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

However, as with any new trend, it may also bring new challenges.

These challenges were recently discussed in November 2016 in Vienna at the first meeting on the topic of Industry 4.0, organized by UNIDO and held on the occasion of the Organization’s 50th Anniversary. The following challenges for developing countries were identified:

**First**, there is a need for further awareness building. Enterprises in developing countries, both small and large, need to creatively rethink new ways of organizing traditional manufacturing processes. They need support to cope with the paradigm shift from “centralized” to “decentralized” production whereby the product is activated to communicate what needs to be done with intelligent machinery instead of simply being “processed”.

**Second**, Industry 4.0 requires entirely new skills in areas of mechatronics, digital medicine, precision agriculture, robot designers, smart grid design and management, and many other areas. Such skills sets cannot be created overnight and require changes in the education systems and the curricula of vocational training centres in developing countries. Policy incentives are needed to encourage businesses to do reskilling in order for workers to collaborate and coexist with intelligent machines.
Third, as for any other industrial segment, customers and stakeholders will demand traceable and comparable industrial standards pertaining to Industry 4.0.

Standards will be required for the exchange and storage of industrial “big data”, security, privacy as well as Industry 4.0 ethics guiding the interrelation between and integration of intelligent machinery and the traditional work force. UNIDO is more than ready to assume its role to address these challenges. To this end, UNIDO is working with the international community to take collective actions and to pursue new innovative partnership approaches for delivering and strengthening its portfolio of services to address market failures related to the uptake of these new technologies and business models. UNIDO can provide a platform for information and knowledge exchange and technology transfer, it can collaborate on skills development and provide training for innovation management professionals and it can cooperate with other standard-setting partner institutions in developing new standards and monitoring compliance.

We are confident that, through these collaborative actions, we can together turn potential losers of this new industrial trend into its main beneficiaries.

Distinguished guests,
Ladies and Gentlemen,

It is very encouraging to see the renewed attention given to high-tech industrialization as a driver of economic diversification, value addition, economic growth and sustainable development. History shows that no country in the world has reached a high stage of economic and social development without an advanced industrial sector.

I consider the multi-stakeholder cooperation between CIPA, the Sino-German Industrial City Alliance, Germany Trade and Invest (GTAI) and Gesellschaft für Internationale Zusammenarbeit (GIZ) on joint actions on Industry 4.0 a very commendable initiative which deserves to be given UNIDO’s full support.
I wish you very vibrant discussions, and a lot of new investments for the mutual benefit of Germany and China as well as for other countries.

Thank you for your attention.