

Text N°1: Africa's Industrialization Burst

As Africa's economic growth continues, there are growing calls for commodity-based industrialization. But what are the potentials and challenges of this approach?

Carlos Lopes, the executive secretary of the United Nations Economic Commission for Africa (ECA), often talks about Toblerone, the famous chocolate bar manufactured in Switzerland by Kraft Foods, an \$18 billion company. Cocoa for Toblerone bars is imported, probably from Africa, where 70 percent of the world's cocoa is harvested. Lopes once pointed this out to Côte d'Ivoire's president, Alassane Ouattara, and lamented the fact that only about 10 percent of the money from chocolates goes to cocoa producers, while the rest remains in the rich chocolate-producing countries. A shift from agriculture into industrial and service sectors is critical.

Côte d'Ivoire and Ghana produce over 53 percent of the world's cocoa. But oddly, chocolates on supermarket shelves in the leading cocoa-producing countries come from countries that don't produce cocoa. It's the same story with coffee, cotton, groundnuts, crude oil and so on. "Up to 90 percent of income from coffee goes to rich consuming countries," states the 2013 *Economic Report on Africa* published by the ECA and the African Union Commission (AUC). Ethiopian coffee farmers may toil day and night, but they reap comparatively very little. With 12 percent of the world's oil reserves, 40 percent of its gold, about 90 percent of its chromium and platinum, 60 percent of its arable land and more, Africa should do better at tackling poverty, says the report. Instead, it concentrates on exporting raw materials and importing consumer goods, hindering the ripple effect that value addition to commodities should have in the economy. This has to stop as we would like to see chocolate-manufacturing and coffee-producing industries in villages in Côte d'Ivoire and Ethiopia.

Advocates of commodity-driven industrialization have a compelling case. It will rev local manufacturing engines and create millions of jobs in Africa. More jobs will reduce poverty and expand the middle class, which will in turn demand more goods and services. According to the report, adding value to agricultural produce will unleash new opportunities for farmers, who, assured that excess produce will fetch income, could then actively participate in the marketplace. Companies will sprout with new technology, while local industry players, armed with modern skills, could insert themselves into the global trade and exert influence. Value addition could also boost intra-African trade, which is currently low at 12 percent. (...)

Kingsley Ighobor, <http://www.theafricareport.com>, September 30<sup>th</sup>, 2013.