SA manufacturing 'pulls African growth down'

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SA's weak manufacturing sector expansion has dragged down sub-Saharan Africa growth, says a new United Nations Industrial Development Organisation report.

If SA's 0.3% contribution is stripped out, the region would have grown 4.49% from 2007-12, placing it far closer to overall growth of 6.23% for all industrialising economies. Instead, the region achieved overall growth of just 2%.

The release of the report yesterday formed part of an SA-European Union (EU) Strategic Partnership Dialogue Facility conference on manufacturing-led growth.

It showed SA had missed out by not focusing on growing its manufacturing base, as countries that adopted strong industrial policies decades ago now far outstrip SA's growth rates.

Nobuya Haraguchi from the United Nations Industrial Development Organisation said manufacturing's share of gross domestic product (GDP) in SA has been declining since the 1980s. He said while South Korea's GDP per capita of $2,402 was around half of SA's in the 1960s, South Korea had leapfrogged it — its GDP per person today is about triple that of SA's.

The Department of Trade and Industry said it would be "cold comfort" for developing countries if industrial trends of the past continued into the future.

The department's deputy director-general Garth Strachan said industrial policy should not be defined in a narrow way. "Country specificity is needed ... industrial policy should engender competition and provide support to companies."

He said developing countries should not be faced with barriers, for example by being penalised on global climate change policies that were not applied to developed countries when they industrialised.

EU chief economist Francisco Caballero-Sanz said a different global configuration for manufacturing was emerging.

"What works in some cases may not work in others. Things are anything but linear and we have to focus on these differences."

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