Industrialization in africa pdf

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Eyegelb/Getty Images China has developed and implemented policies that have curtailed industrialization in just 25 years - something many economies have taken at least a century to do. This redesign has led to huge upheavals in world trade and industry, which has allowed China to become one of the world's leading economies. China's success has forced many African capitals to follow the same trajectory of the country's industrialization. Over the past few years, African leaders have pursued policies aimed at imitating china's path. Some of these strategies include the creation of special economic zones after China's Shenzhen and the positioning of the manufacturing sector as a support for attracting investment and creating new jobs. Despite these efforts, Africa has yet to move forward with its industrialization at the same rate as China. Simply put, what worked for China would not work for Africa. China has already won significant global production, accounting for more than 32% of global industrial production from May 2019. It has become the world capital of production due to a combination of factors, including optimal infrastructure and price-competitive local manufacturing talent. By doing so, China has created a well-differentiated comparative advantage that has made companies from the US and Europe - and then other parts of the world - outsourcing manufacturing activities to China. For more than three decades, a virtuous circle has been created: the presence of demand from the United States and Europe has given China the opportunity to invest to meet its needs. Over time, China has moved from basic manufacturing to advanced manufacturing areas, where modern technologies are used to improve processes and many lower-skilled processes are automated. Consequently, China has improved its capabilities in robotics and broad new technologies such as virtual reality, augmented reality and artificial intelligence. Today, China is recognized as a leading AI player. It is in these technological advances that China can continue to dominate while Africa can struggle. AI is expected to distort the balance in the global labour market, eliminating many factory jobs. Most Western companies will use AI to make the most of the manufacturing jobs that they are currently outsourcing to China. Indeed, AI will create a massive shift in the way 21st century products and services are developed, produced and distributed. If manufacturing jobs by global organizations such as Dell, HP and Siemens should not be outsourced, the expected opportunity africa is betting on may not materialize. African leaders that as China continues to grow, its wages will create incentives for global producers to continue to send their jobs there. As it happens, they hope that countries such as Ethiopia, Rwanda and Kenya can be seen as credible alternatives that an affordable workforce with sufficient infrastructure for basic production. But with AI achieving cuts to outsourcing, the availability of cheap wages becomes irrelevant. China understands this and invests heavily to win the race of advanced production, taking advantage of the opportunities it has acquired by doing things for the world. If any outsourcing production remains, it is advanced production. Based on the reports available, Africa is not yet preparing for this level, as it continues to struggle with basic ways of electricity, problems that many countries faced decades ago. Africa may find ways to industrialize, but in a way that does not imitate China. Here are some of the ways for the continent; some of them were already in the process of being developed and needed to be deepened: the promotion of domestic consumption and intra-trade. Africa should build processes to improve domestic consumption, rather than focusing on the use of cheap labour as a comparative advantage for global production. If Africa expands domestic consumption by trading more between Member States, separating from the old colonial trade routes, it may industrialize because it has significant markets to support the growth of companies. Today, the share of intra-African exports as a percentage of total African exports is about 17 per cent, well below the 69 per cent recorded in Europe and 59 per cent in Asia. Improving intra-African trade will help to advance the continent. Promote the Free Trade Agreement. The African Continental Free Trade Agreement, which entered its phase on 7 July, will remove some of its inherent barriers to intracontinental trade, which have forced most African countries to favour trade with European countries and other global partners rather than with African countries. The agreement was designed to allow goods produced in Africa to travel across the continent at low rates. Manufacturers are expected to be interested in investing in Africa in order to have access to an integrated market. If it works as planned, the trade agreement will be a catalyst for Africa's industrialization. Create a single African currency. The planned currency gained momentum when the regional economy, the Economic Community of West African States, announced plans to launch the ECO as a regional currency in 2020. It is expected that once the regional economies receive the convergence of the monetary union, a continental monetary union will be established. The single currency will reduce barriers to trade by excluding several exchanges in which currencies must be into one of the world's leading currencies, such as the US dollar, the euro or the British pound sterling, before trading in Africa. This drastic reduction in trade friction will contribute to industrialization. However, there are risks associated with these structural changes that need to be managed. A union flowing from the single currency will require coordinating monetary policy, depriving member countries of individual flexibility in monetary policy. It is implied that some large countries will have an undue influence on the productivity of the union. Without careful management, affected small countries could leave their countries, which would worsen their situation than before integration. Improving infrastructure. In its African Economic Forecast for 2019, the African Development Bank wrote that trade costs due to poorly functioning logistics markets can be a greater barrier to trade than tariffs and non-tariff barriers. Africa needs deeper seaports, railway lines, airports and other critical opportunities for modern trade to move forward. For a factory in Accra, Ghana, importing coffee from Rwanda remains more expensive than, for example, a Paris company. And most of the exports outside Africa are unprocessed raw materials, which, because of supply chains and the disparate nature of markets, have not stimulated local processing. Infrastructure investment will close these gaps. Invest in education. Africa also needs to invest in education in order to compete and promote its citizens so that it can stimulate domestic consumption. The continent must make primary and secondary education compulsory and free, while improving quality and more resources for education. If Africa cannot educate its citizens so that they can compete with the best in the world, it will struggle to rise. As robotics and AI evolve, most countries will maintain their manufacturing processes at home, eliminating the need for cheaper labour abroad. In this redesign, Africa's competitor is not China; robots and AI are real competitors. Africa can no longer depend on global production to become industrialized, and it cannot simply imitate China's policies. But if Africa trains its citizens, integrates effectively into trade and currency and improves intra-African trade, its industries can compete, at least, to serve their local markets. Where this happens, Africa can achieve industrialization more quickly by scaling up indigenous innovation and using AI as a means. When talking about young Africans using smartphones, the dominant narrative is that these gadgets serve mainly as platforms to connect, so that users can communicate and share greetings and information through text and images. Facebook, Instagram, Twitter, WhatsApp, and signal to take ... Photo: David Ross In Ashanti Culture, a chair considered a seat of the spirit. Designers Ghanian Kweku and Forson of Tekura Design paid tribute to this custom with a soulful stylish chair. Available in five finishes (and a small version designed to be used as a decorative element), the handmade piece has strong, simple lines and sensual curved seats that replicate traditional shapes. Ashanti's chair is available available Amaridian, a New York gallery dedicated to African design and craftsmanship. Ashanti chair, $295; amaridianusa.com. For more information on what we love, click here. This content is created and supported by a third party and is imported to this page to help users provide their email addresses. You may be able to find more information about this and similar content on piano.io April 18, 2017 6 min read The Opinions Expressed by Entrepreneur Contributors are their own. In my view, Africa, particularly southern Africa, Rwanda and Kenya, is the next focus of innovation. Numerous industries are being disrupted, from the African mobile money market - the undisputed leader of which is Kenyan start-up M-Pesa - to the hunt for work, from South African Giraffe, a mobile app to recruit low-wage workers without the internet but with smartphones. Nevertheless, the largest revolution sweeping the continent's emerging markets is related to renewable energy sources, particularly solar energy. Today, solar power is growing so fast that out of the nearly 600 million Africans living offline, experts estimate that about 10 percent use clean, renewable energy to power their homes. Related: 11 African Entrepreneurs Who Are Changing the Business Landscape Since Solar Came to Dominate Africa So Thoroughly? And, in particular, what lessons can American business owners learn from brilliant, resourceful entrepreneurs working in the difficult conditions of the African continent? A lot, as it turns out. Offer small, decentralized solutions. There is no doubt that solar energy faces significant obstacles, not only in Africa but also at the international level. The biggest obstacle may well be integration into existing infrastructure, especially in the electricity grid, which may not be able to accommodate the variability of solar energy - cloudy days produce less energy, for example. African solar start-ups have taken this reality into account. They understand that building large solar farms and then connecting homes with vast power grids is a long-term undertaking that, in the absence of government and government support, can take years, if not decades. Instead, entrepreneurs took advantage of decentralization, skipping large infrastructure to bring power directly to the people. Take M-Kopa, perhaps a leader in African solar power. The company's kit, which costs $35, provides a solar panel, multiple device charger, multiple charging cables, light, radio and a SIM card for mobile payments. M-Kopa has already sold 300,000 kits in Kenya, Uganda and Tanzania, to new power grids and complementing their customers. This does not mean that large solar farms do not exist; rather, they are much less common, and far less important than a small-scale, personalized touch launch like M-Kopa.The lesson here? Instead of relying on large, centralized centralized develop a decentralized, low-cost solution that could reach hundreds of thousands of households. One such example is Blockstack, a startup that uses encryption-based Blockchain technology to guarantee anonymity while surfing the web. Don't wait for the government to intervene. As for the above principle of decentralization, it is important to note that while government subsidies and intervention can help your business, such assistance may never come. This is doubly true when it comes to many African countries. Consider this - in 2014, Transparency International estimated that nearly 75 million Africans were forced to pay bribes - often for access to basic services such as water, sanitation and, yes, electricity. Moreover, poverty and bribery are inextricably linked, and as a result, those who pay the most bribes are also least able to afford it. Related: From Bootstrapped to a launch of more than $1 million in annual revenue, two entrepreneurs have founded Juabar, a Tanzanian franchise around small, solar kiosks that offer cell phone charging. Instead of waiting for the government to build the necessary infrastructure, the two founders of Juabar simply stepped in and created a network of solar power plants, micro-entrepreneurs. Such franchise owners earn, on average, between $75-150 a month, in a country where the average monthly is about $45 per month. In the future, Juabar plans to offer Wi-Fi and other information services. Is the lesson here? At the risk of getting political, it is true that some well-established industries receive a lot of funding and subsidies from the government. But if you're an outsider, don't despair. Even if the government ignores your industry in favor of those with a powerful lobby, you still have a chance. As? Use low-tech, decentralized solutions, start at the grassroots level and don't forget... 3. ... take advantage of new technologies. Given that disruption is a mantra for the digital age, this should not come as a surprise. To go back to the example of M-Kopa, the success of the startup - a $19 million funding round in 2015 - largely owes to the convergence of the two factors. First, consider that solar panels are declining in value. In America alone, solar panel prices have fallen 5 percent for homes and 12 percent for large-scale solar farms. In addition, it is estimated that solar energy costs will fall by 60 percent by 2040, to three cents per kilowatt hour, much cheaper than gas or coal in many areas. Second, remember an earlier mention of the growing mobile payments market in Africa, led by startups such as Kenya's M-Pesa. Developed by Vodafone and its African partner Safaricom, M-Pesa has revolutionized landscape, allowing users to recoup everything from taxi rides to M-Kopa solar bills. In fact, the Massachusetts Institute of Technology found that services like M-Pesa improve access to the capital of the poor and increase their consumption - a boon for startups like M-Kopa.The lesson here? Using existing and new technologies to run your core business is better, faster and cheaper than competition.4 Create a profitable but fair funding plan. Funding is a bit of a dilemma. Without a reliable financing plan, potential customers will not be able to buy your product or service. But if your plan is perceived as unfair, you will probably lose customers. Take a look at Off Grid Electric, another solar power startup that is very similar to M-Kopa. Instead of forcing its customers to repay loans at inflated interest rates, OGE charges its customers $7 per month for services. Three years later, customers own their own division. Given that it costs about $100-140 a year for kerosene lamps and candles, users can save a lot of money by paying for their OGE unit for three years. Related: 5 Lessons Entrepreneurs Around the World Can Learn From Israeli Culture Lesson Here? Balance the profits of the company with the interest of customers to provide a win-win situation for everyone. After all, happy customers are repeat customers and you can bet that both OGE and M-Kopa have ancillary products to offer. Ultimately, given the many challenges faced by African solar startups, it is logical that they will have a lot to teach entrepreneurs around the world. Ultimately, their most important lesson may well be the vital role of creativity. After all, without the vision and courage to challenge the circumstances, none of these innovative companies will exist today. 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