A report from FERDI (Foundation for Studies and Research on International Development ) analyses the challenges of industrial development in Africa in the context of the African Continental Free Trade Area (AfCFTA), highlighting the role that such agreement can play in unlocking industrialization in the continent, after more than 40 years of failed attempts by African institutions. The report clarifies that the relevance of Africa industrialization dates back to the 1980s, when at the Conference of Heads of State and government of the Organization of African Unity (now African Union) held in Monrovia (Liberia) in 1979, African leaders proclaimed the period 1980 to 1990 the "Industrial Decade of Africa". Yet, d espite more than four decades since this Conference, the contribution of the manufacturing value added of African economies to the global economy still today remains negligible, standing at less than 2%.

This means that the participation of the African manufacturing sector still remains at the bottom of global value chains, as African States make very little industrial transformations to raw materials or commodities of which they are rich. Among the causes of the Africa's slow industrial development, the infrastructure gap (roads, electricity, railways, ports, airports), cumbersome customs procedures (especially at import) which causes long delays in clearance of goods, the lack of political vision, political instability, insecurity, small market size, difficult access to financing by African companies and the low quality of human capital, are indicated as the main ones.

The report, in particular, raises the problems of the inadequate support provided by banks and financial institutions to Africans for investing in productive sectors (an issue that was recently raised also by the WTO ) and the fragmentation of rules of origin (ROO), as most of African Regional Economic Communities (RECs) have their ROO that are applicable within geographical areas which often partially coincide with those of other RECs. This creates a framework where sets of ROO differing from each other, overlap, leaving the choice to traders regarding which one to apply (a situation often defined of “origin-shopping”, which also causes confusion among traders, as explained in a recent COMESA/UNCTAD report ). ROO are a set of rules and conditions for determining the economic nationality of traded goods. They can serve a variety of purposes, but they are most commonly used in preferential trade agreements to ensure that only eligible products from a member of such agreements benefit from tariff concessions. They thus prevent cases of trade diversion, ensuring that goods produced by non-member countries do not benefit from the preferences offered by the agreement.

At regional level, North Africa remains the most advanced African region in terms of industrial development, followed by Southern Africa, Central Africa, West Africa and East Africa. At national level, South Africa is the most industrialized African country, followed by Morocco, Egypt, Tunisia and Mauritius. Conversely, the least industrialized African economies include Gambia, Burundi, Guinea-Bissau, Sierra Leone and the Central African Republic. Such rankings are based on data extracted from the Africa Industrialization Index (AII) of the African Development Bank, a tool aimed at supporting African policymakers in the identification of factors, policies or strategies that can promote industrialization in their respective countries.

The FERDI report also mentions a previous study made in 2019 by PricewaterhouseCoopers (PWC) which pointed out how, between 1985 and 2015, the manufacturing value added has grown strongly, reaching a peak of 19% in 2002 for North Africa, compared with weak growth for sub-Saharan Africa with a peak of 14% (12 years earlier, in 1991). In 2015, the latest data on the contribution of manufacturing value to the continental GDP reached a miserable 11% in sub-Saharan economies, compared with 17% for Maghreb countries. These figures correspond to the findings of the Second Continental report on the implementation of Agenda 2063, that highlighted how Africa missed the target assigned by the Agenda 2063 First Ten-Year Implementation Plan, which was set out at 15% to be achieved by the end of 2021.

An important finding of the report is that in Africa the best-performing countries are not necessarily those with the largest economies, but rather those with the highest manufacturing value added per capita and with a high proportion of manufactured goods destined for export. Therefore, the conclusion is that the creation of added value through manufacturing is more important than the size of the economy. This is the case, for example, of countries such as Djibouti, Benin, Mozambique, Senegal, Ethiopia, Guinea, Rwanda, Tanzania, Ghana and Uganda, all of which moved up five (5) places or more in the rankings of the countries moving up in the industrialization ladder over the period covered (2010-2021).