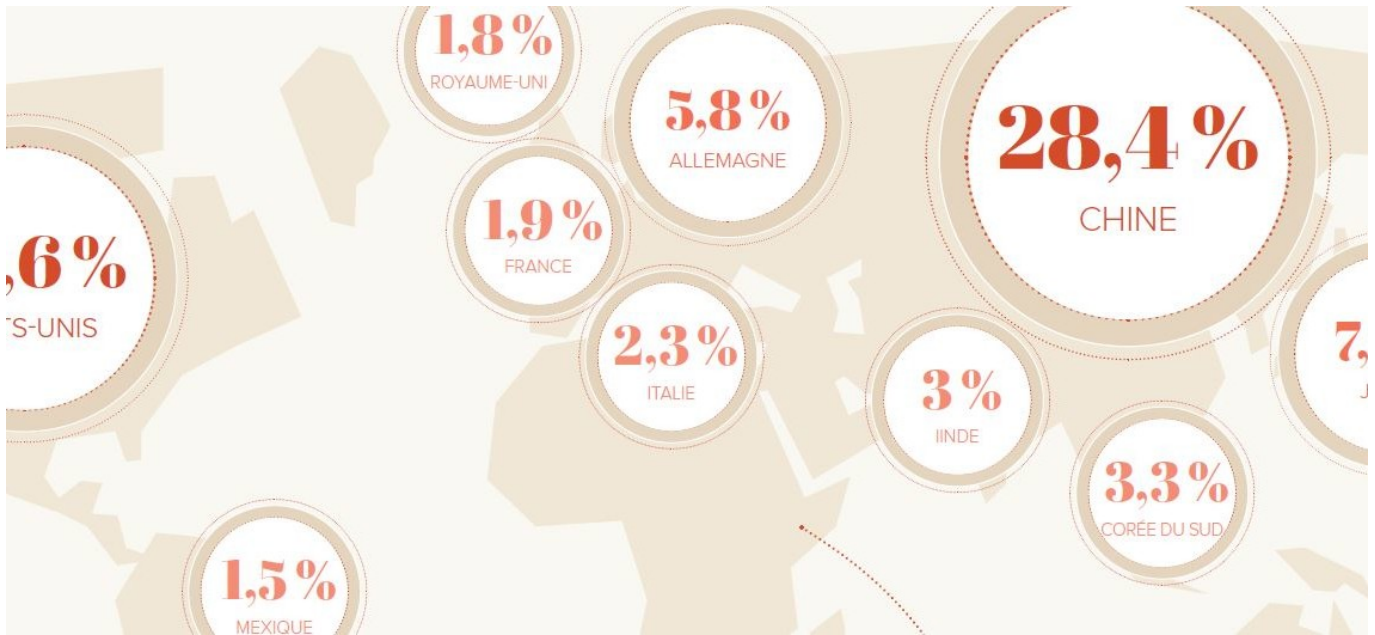


Key Figures: What do we mean by industry?

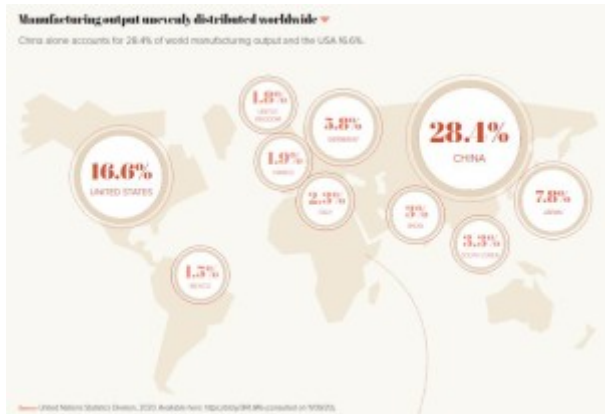
January 25 2021



What do we mean by industry?

Industry refers to production activities related to the more or less sophisticated processing of materials using machines. It therefore covers a wide range of situations: extractive and manufacturing industries, power generation, etc. This review mainly focuses on manufacturing activities including, for example, the apparel industry, agribusiness, metal industry, building materials, packaging (glass, plastic, cardboard, etc.) and the cement.

What do we mean by industry?



Manufacturing output unevenly distributed worldwide



In Africa, an industrial base needs to be built...

...which requires infrastructure development

The fact that Africa is lagging behind in the industry sector is mainly due to the lack of infrastructure (power, transport, ICT, etc.) on the continent. This has a direct impact on productivity, economic growth and the sustainable development of the region. AfDB estimates that the lack of infrastructure accounts "for 30% to 60% of productivity losses of African firms".

THE LACK OF INFRASTRUCTURE ACCOUNTS FOR 30 to 60% OF PRODUCTIVITY LOSSES OF AFRICAN FIRMS

Source: African Development Bank (AfDB), Africa's infrastructure financing reaches an all-time high in 2018, surpassing \$30 billion (CA), November 2019. Available here: <https://bit.ly/2Y5ZV9Z> (consulted on 18/04/20).

...which requires infrastructure development

Local manufacturing production still underdeveloped

Sub-Saharan Africa continues to suffer from shortcomings in local manufacturing production. This is a very important issue for job creation, poverty reduction and added value creation. According to World Bank data, in 2018, manufactures imports in Sub-Saharan Africa stood at about 62% of total imported goods.

Source: World Bank, 2020.

Local manufacturing production still underdeveloped

Industrial sector and employment

Strong potential for youth employment in Africa

According to World Bank projections, annual entrants to the labor market in Africa are expected to increase from 20 million in 2020 to 30 million by 2050. While the industrial sector cannot so significantly absorb the future labor force, it can play its part.

20 MILLION IN 2020
to 30 MILLION BY 2050

Source: World Bank, Africa's Future 2050, Scenarios of Income Sharing across Countries (June 2018).

Strong potential for youth employment in Africa

Industry, a gateway towards formal employment?

Informal employment still has a bright future ahead. According to an International Labour Organization (ILO) report, in Africa alone, in 2018, 78% of jobs continued to escape all national legislation. Due to the reforming of work in Africa, the development of a local industry is seen as a major step in contributing to the creation of formal jobs, as was the case in Southeast Asia. In addition, industry (the garment industry in particular) employs unskilled people who are trained and ultimately benefit from a formal job while developing professional skills. This is an asset in developing countries where the population is often low-skilled and may have difficulties entering the labor market.

Source: International Labour Organization (ILO) Women and Men in the Informal Economy: A Statistical Review, 2018.

Industry, a gateway towards formal employment?

Africa, a new industrial El Dorado to compete with China?

According to some experts, the increase in labor costs in China could cause some 85 million low-skilled jobs to leave the country continent in the coming years. This issue is a matter of debate, but some consider that African countries, with their low labor costs, would be well placed to absorb part of this relocated industrial labor force.

85 million LOW SKILLED JOBS TO LEAVE CHINA IN THE COMING YEARS

Source: Eric Dierker and Gabe van Boven, 'In The Future, Will It Be Easy to Recruit More Workers?' Hellenic Post, 2018. Available here: <https://www.hellenicpost.com/2018/05/02/>

Africa, a new industrial El Dorado to compete with China?

Industrial sector and Covid-19

What impact has Covid-19 had on industrial production?

In Europe, the Covid-19 health crisis has had a major impact on industrial production. In March and April 2020, at the height of the crisis and lockdown measures, industrial production fell by 10.8% and 18.2%, respectively. Despite an upturn in May and June, industrial production in Europe has fallen by a total of 11.1% since February 2020.

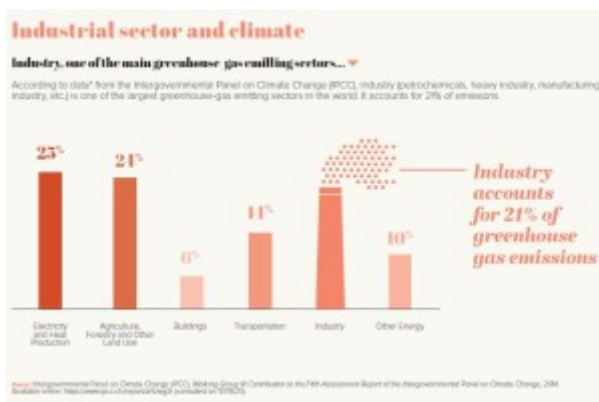
Industrial production in Europe has fallen by a total of 11.1% since February 2020

Source: Eurostat, 2020.

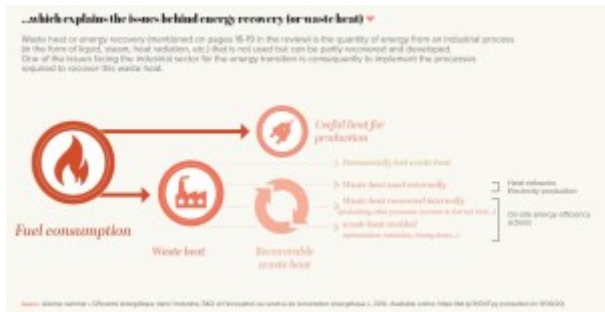
What impact has Covid-19 had on industrial production?



African and Asian economies faced with Covid-19



Industry, one of the main greenhouse-gas emitting sectors...



...which explains the issues behind energy recovery (or waste heat)