NOTES AND REFERENCES

NOTES

1 CAMI was established by African governments in 1971 as a platform for dialogue and exchange of ideas on the industrial development of Africa. Some of the main outcomes of the conference include (a) the adoption in 1981 of the First Industrial Development Decade for Africa (covering the period 1980-1990); and (b) the adoption in 1989 of the Second Industrial Development Decade for Africa, initially for the period 1991-2000 but later changed to 1993–2002.

2 The index lies between zero and one, with lower values representing higher diversification.

3 Following Meier (1988), there are three necessary conditions under which infant-industry protection could be justified: (a) the existence of external economies that cannot be captured by the industry; (b) there has to be a time limit for protection; and (c) in present value terms, the expected benefit from protection must be large enough to offset the current costs of the policy required to produce the benefit.

4 The technological classification of trade is based on the Standard International Trade Classification (SITC), Revision 3 and is shown in the table below. Data source: United Nations Commodity Trade Statistics (COMTRADE database).

Technology classification of exports according to SITC Rev. 3

Type of exports	SITC sections
Resource-based exports	016, 017, 023, 024, 035, 037, 046, 047, 048, 056, 058, 059, 061, 062, 073, 098, 111, 112, 122, 232, 247, 248, 251, 264, 265, 281, 282, 283, 284, 285, 286, 287, 288, 289, 322, 334, 335, 342, 344, 345, 411, 421, 422, 431, 511, 514, 515, 516, 522, 523, 524, 531, 532, 551, 592, 621, 625, 629, 633, 634, 635, 641, 661, 662, 663, 664, 667,689
Low technology exports	611, 612, 613, 642, 651, 652, 654, 655, 656, 657, 658, 659, 665, 666, 673, 674, 675, 676, 677, 679, 691, 692, 693, 694, 695, 696, 697, 699, 821, 831, 841, 842, 843, 844, 845, 846, 848, 851, 893, 894, 895, 897, 898, 899
Medium technology exports	266, 267, 512, 513, 533, 553, 554, 562, 571, 572, 573, 574, 575, 579, 581, 582, 583, 591, 593, 597, 598, 653, 671, 672, 678, 711, 712,713 ,714, 721, 722, 723, 724, 725, 726, 727, 728, 731, 733, 735, 737, 741, 742, 743, 744, 745, 746, 747, 748, 749, 761, 762, 763, 772, 773, 775, 778, 781, 782, 783, 784, 785, 786, 791, 793, 811, 812, 813, 872, 873, 882, 884, 885
High technology exports	525, 541, 542, 716, 718, 751, 752, 759, 764, 771, 774, 776, 792, 871, 874, 881, 891

5 There are different definitions for cluster. For a review and a comparison of the alternatives see Navdi and Schmitz (1999).

6 The clusters analysed are: the Suame Manufacturing cluster in Ghana (also in McCormick, 1999); the Kamukunji Metalwork cluster (also in McCormick, 1999) and the Lake Naivasha Cut Flower cluster in Kenya; the Nnewi Automotive Components cluster and the Otigba Computer Village cluster in Nigeria; the Mwenge Handicrafts cluster and the Keko Furniture cluster in the United Republic of Tanzania; the Lake Victoria Fishing cluster in Uganda; the Textile and Clothing Cluster in Mauritius; the Wine Cluster and the Western Cape Textile and Clothing Cluster (also in McCormick, 1999) in South Africa.

7 Krugman and Obstfeld (1991) use the term to denote an attempt by a government to encourage resources to move into particular sectors that it views as important to future economic growth. Rodrik (2004) describes it as restructuring policies in favour of more dynamic activities generally, regardless of whether those are located within industry or manufacturing per se. Wade (2010) defines it as targeted efforts to promote some sectors or products ahead of others. Cimoli, Dosi and Stiglitz (2009) see it as policies affecting "infant industry" support of various kinds including trade policies, science and technology policies, public procurement, policies affecting FDI, intellectual property rights, and the allocation of financial resources. Chang (2009) states, "when we talk about 'industrial policy', the majority of us do not mean any policy that affects industry but a very particular type of policy that affects industries. It is what is commonly known as 'selective industrial policy' or 'targeting' – namely, a policy that deliberately favours particular industries over others, against market signals, usually (but not necessarily) to enhance efficiency and promote productivity growth."

8 This argument is based on recent UNIDO research on structural change. In essence, this means that the growth elasticity of individual manufacturing industries varies and is dependent on certain differences of country characteristics, e.g. stage of development, country size, population density and endowment structure.

9 An immediate potential is defined as the feasible output in this sector and is based on the per capita output of relevant comparator countries in this sector when they were at a similar stage of development. A future potential is based on the per capita output of the relevant comparator countries in this sector when they were at this later stage of development. The shares are calculated as the ratio of the country's sectoral output in per capita terms in relation to the comparators output in the same sectors when they were at that stage of development. E.g. a 25 per cent share means that the country's output in that sector is only one fourth of the comparator countries' output.

10 This follows a similar line of reasoning as the identification process for industries with latent comparative advantage proposed in Lin & Monga (2010). However, while their paper proposes to use export figures to identify latent comparative advantages, our analysis is based on manufacturing output statistics.

11 In order to focus on the most critical features, a third indicator, namely the share of individual countries in total African manufacturing, is excluded here. This dimension

is less critical for our analysis because we are focusing on the current situation of individual countries rather than the impact of individual countries on African manufacturing. However, it has to be noted that, due to their large population and high per capita MVA, South Africa and Egypt alone account for more than 50 per dent of African manufacturing capacity today.

12 Structural change analysis shows that the sectoral evolutionary path is conditioned by a country's development stage as well as exogenous factors (country size, factor endowments and population density). Based on these factors, individual sectors have different economic growth potentials. For instance, while some industries are more likely to support the rapid growth of LDCs, others are more important for middle-income or high-income countries. The same is true for small vs. large or resource rich vs. resource poor countries, and so forth.

13 The Netherlands and the United States are the other major processing countries.

14 In 2007, the savings ratio was 17 per cent in sub-Saharan Africa, 30 per cent in East Asia and the Pacific, 23 per cent in Latin America and the Caribbean, and 23 per cent for Europe and Central Asia.

15 It should be noted that manufacturing firms in the region are particularly affected by the high costs of doing business because they rely heavily on logistics, regulation and infrastructure (Bigsten and Soderbom 2009).

16 The Economist, Print Edition, 6 January 2011.

17 Developing countries will apply tariff cuts according to a "Swiss" formula. Countries that apply the deepest tariff cuts will be able to "make smaller or no cuts in 14 per cent of its most sensitive industrial tariff lines, provided that these tariff lines do not exceed 16 per cent of the total value of its NAMA imports". That country can also keep "6.5 per cent of its tariff lines unbound or exclude them from tariff cuts, provided they do not exceed 7.5 per cent per cent of the total value of its NAMA imports" (WTO). LDCs will not face tariff reductions but will have to raise the percentage of their tariff lines that are bound. The WTO text mentions that additional flexibilities will be negotiated at a future date for South Africa, Botswana, Lesotho, Namibia, Swaziland and members of the South African Customs Union. According to WTO, "the tariff reductions will be implemented gradually over a period of five years for developed members and ten years for developing members, starting 1 January of the year following the entry into force of the Doha results".

18 At the end of 2010, there were talks at WTO on the granting of tariff cuts for goods with an environmental purpose.

19 The national cleaner production centres programme was established by UNIDO and the United Nations Environment Programme to provide assistance to business, government and other stakeholders in implementing cleaner production methods, practices, policies and technologies in their home country. The programme now covers 47 developing and transition countries including in Africa Cape Verde, Egypt, Ethiopia, Kenya, Lebanon, Morocco, Mozambique, Rwanda, South Africa, Tunisia, Uganda, United Republic of Tanzania and Zimbabwe.