



Republic of Kenya



United Nations
Economic Commission for Africa

20th MEETING OF THE INTERGOVERNMENTAL COMMITTEE OF EXPERTS (ICE)

*Nairobi, Kenya
8-11 February 2016*

Theme: Institutions, Decentralization and Structural Transformation in Eastern Africa

The Impact of Trade Regimes on Industrialisation

Ad-hoc Experts Group Meeting (AEGM1)

Concept Note

Nairobi, Kenya, 8-11 February 2016

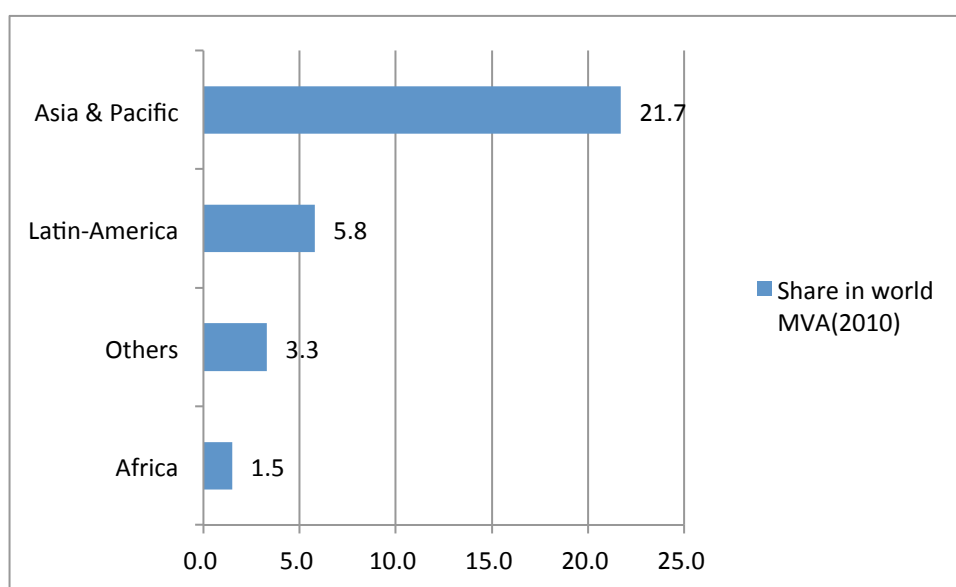
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I. BACKGROUND

In order to achieve structural transformation, African economies need to shift from both agricultural and natural resource based economies to an economic structure based on industry and manufacturing. Unfortunately Africa's manufacturing performance has been relatively poor. Africa still accounts for a very low share of global manufacturing. The share of the region in global manufacturing value added has remained almost static, from 1.2 per cent in 2000 to 1.5 percent in 2010. In contrast, in Asia, during the same period, it rose from 13 per cent to 21.7 per cent (Figure 1).

Figure 1: Share of developing economies in world MVA (%)



Source: UNIDO Statistics 2015

Regional markets are important for the development of Africa's manufacturing industry. This is because the share of manufactured exports is higher in regional markets (intra-African trade), compared to Africa's exports to the rest of the world which are heavily skewed towards commodities. Between 2007 and 2011 manufactured products accounted for an average of 43 per cent of intra-African exports compared to 14 per cent to the rest of the world (UNCTAD, 2013). Trade patterns in Eastern Africa mimic the trade patterns in the rest of Africa, Eastern African exports to the rest of the world are dominated by unprocessed commodities while regional markets are more important for manufactured exports.

Countries in the East African Community (EAC) have adopted regional integration as one of the major strategies for economic development and structural transformation. These countries have been involved in deepening regional integration through the formation of various preferential trade areas, the latest being the tripartite free trade area

which is made up of countries from the East African Community, the Common Market for Eastern and Southern Africa and the South African Development Community.

Given the importance of regional markets for industrialization in the region, it is important to study how deepening regional integration can boost industrialization in the EAC. Against this background, the Sub-regional Office for Eastern Africa (SRO-EA) of the United Nations Economic Commission for Africa (UNECA) is organising an Ad-Hoc Expert Group Meeting (AEGM) in Nairobi, Kenya the topic "The Impact of Trade Regimes on Industrialisation".

II. OBJECTIVES OF THE AEGM

The objective of the AEGM is to study how regional trade policies can support industrialization in the region. The discussion will be informed by a detailed study "Industrialization and regional integration in Eastern Africa".

The AEGM participants will be invited to provide inputs to the discussion and to the review of the study with a view to improving it and turning it into a credible policy tool for stakeholders involved in the process of regional integration in the sub-region.

III. EXPECTED OUTCOMES OF THE AEGM

The study will highlight the importance of coordinating trade policy and industrial policy in the region and show how trade policy can be used to boost industrialization.

IV. PARTICIPATION

The AEGM will gather experts from Eastern African countries, Regional Economic Communities (RECs) and Inter-governmental Organizations (IGOs) as well as representatives of the private sector, civil society organizations, and other relevant institutions.

For further information and clarification, you may wish to contact the following UNECA focal points for the AEGM:

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References.

UNCTAD 2013. "*Economic Development in Africa*".

UNIDO 2015. "*World Manufacturing Production Statistics for Quarter II*".

Annex 1 – annotated agenda

1. Welcoming Remarks

A UNECA representative will deliver opening remarks and welcome the participants to the AEGM.

2. Confirmation of proposed chair and rapporteur

One chair and one rapporteur among the participants will be proposed for confirmation for the whole duration of the AEGM.

3. Adoption of the meeting programme of work

The participants will be invited to consider the proposed programme of work and provide any comments if deemed fit and/or approve it.

4. Presentation of the study on Regional Integration and Industrialization in Eastern Africa

A UNECA representative will present the study on “Regional Integration and Industrialization in East Africa; empirical evidence”.

5. Presentation by Institute for Development Studies, Kenya.

A trade expert from the Institute for Development Studies (IDS) will present a study on industrialization and regional value chains in Kenya.

6. Presentation by Werner Raza , Director Austrian Foundation for Development Research

A research project on institutional set-up for industrial policy

7. Presentation by UNECA, RITD

A representative from UNECA, RITD will give a presentation on WTO policies, mega-regional trade agreements and the implications for industrialization

8. Presentation by Economic Policy Research Centre (EPRC), Uganda

A trade expert from the EPRC will present the country experience with respect to regional integration and services trade.

9. Recommendations, way forward & closing

The participants will provide recommendations towards the strengthening of the study and help in identifying the next steps in terms of finalization of the study and the implementation of key actions.