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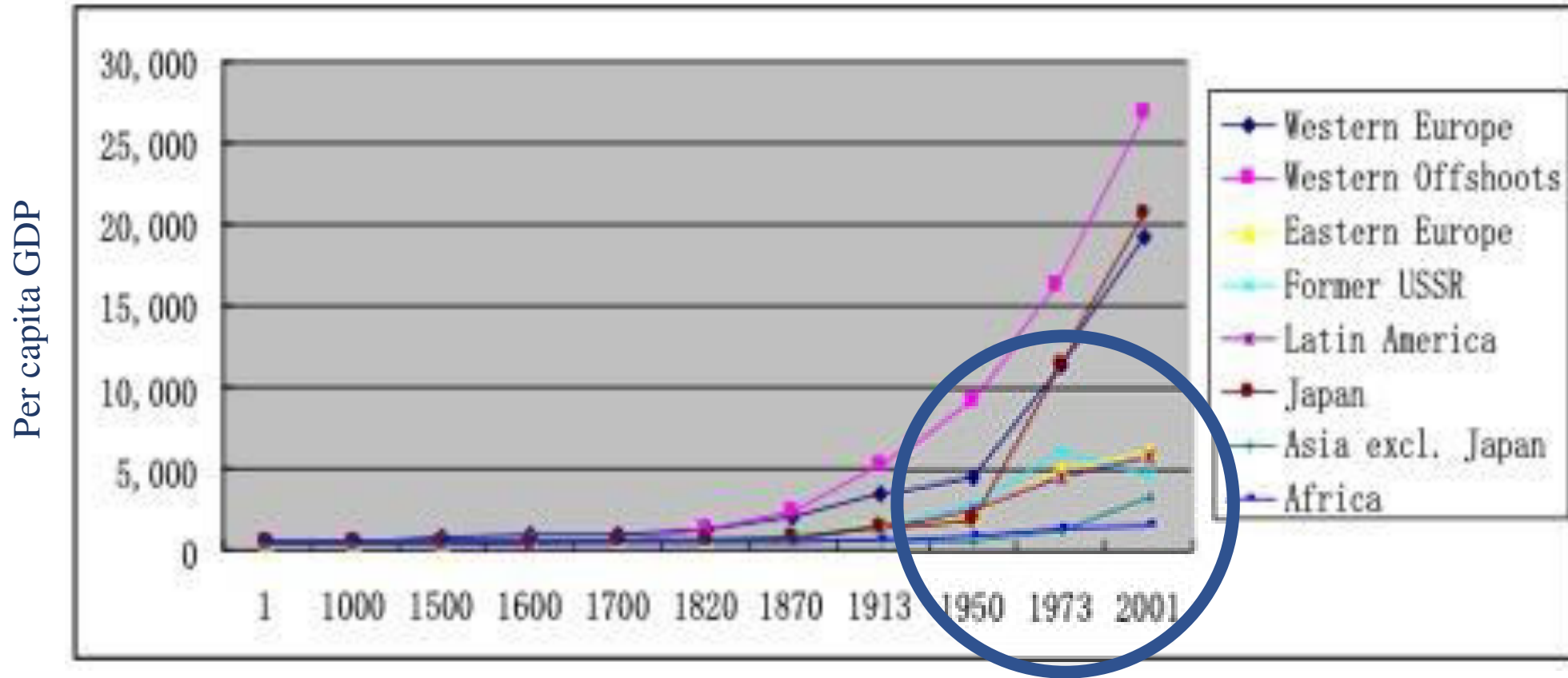
Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA



**TIPS FORUM 2023**

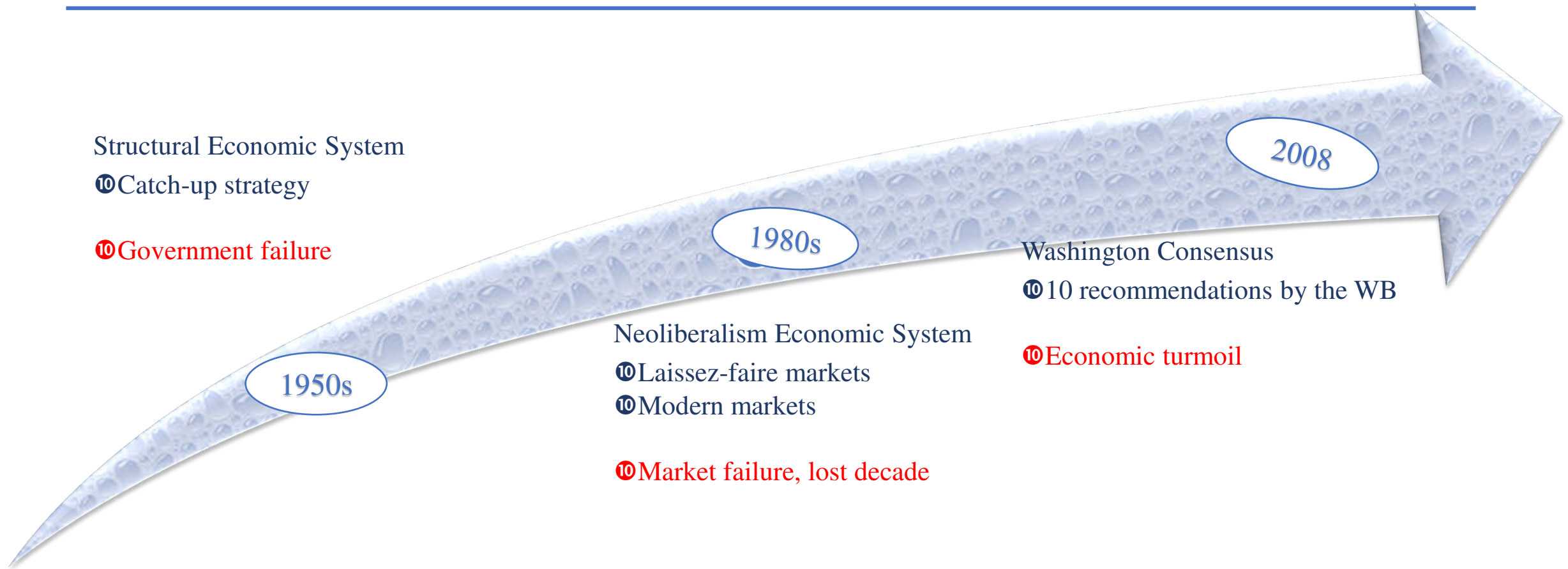
**Industrial Policy in an era of global structural change: Implications for Southern Africa**

# BACKGROUND



Source: Clio-Infra

# STRUCTURAL ECONOMIC THOUGHT POST-WWII



## THE MISSING LINK

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- Defied endogenous Resource endowment structure (economy's budget)
- Facilitating role of the state in the market

## OBJECTIVES AND THE STRUCTURE OF THE STUDY



# RETHINKING AFRICAN INDUSTRIAL DEVELOPMENT: NSE APPROACH

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- 13 economies with GDP growth rate of 7+% for 25 years (Spence, 2008):
  - Open to international trade
  - high level of macroeconomic stability
  - High savings and investment rate
  - Market economic system
  - Competent, credible and proactive government
  
- But these are the ingredients for sustainable development (Spence, 2008)

# RETHINKING AFRICAN INDUSTRIAL DEVELOPMENT: NSE APPROACH

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- What is the recipe for a sustainable and inclusive growth; and industrial development?
- **Why NSE?**
  - Views development as whole continuum, with each level of development as point at different levels of development
  - The endogenous factor endowment structure reflects relative factor prices
  - Industrial upgrade
  - Facilitating role of the state (information collection, co-ordination, temporary subsidies to first-mover firms)

# DEVELOPMENT FINANCE INSTITUTIONS [DFIS] IN INCLUSIVE AND SUSTAINABLE DEVELOPMENT

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- **Why DFIs and what the optimal financing strategy?**
  - Instituted to channel funds for medium to long-term development projects in sectors underserved by country's financial systems and(or) budgets.
  - Their potential to fixing market failures, incubating markets, and promoting structural transformation
  - For optimal financing strategy, each economy's DFIs should align with such economy's endowment resource structure, and finance sectors that use their most comparative advantage intensively.



## CONCLUSION AND RECOMMENDATION

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### ■ **Conclusion;**

- The 1<sup>st</sup> and the 2<sup>nd</sup> , (and Washington Consensus) waves of development thinking defied the endogenous endowed resources.
- NSE fills the endowed resources gap, and industrial upgrade

### ■ **Recommendation;**

- For Africa to realize inclusive and sustainable development, it requires the interaction of the facilitating role of the state for industrial upgrade, and the competitive markets for efficient allocation of resources.

# Trade & Industrial Policy Strategies

## Supporting policy development through research and dialogue

The TIPS Annual Forum is a vehicle to help to create and sustain a network of researchers in the area of trade and industry and other related fields. It provides a platform for dialogue between researchers, policymakers and other stakeholders around policy-relevant issues resulting from research.

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