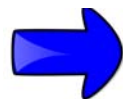


How Africa can benefit from moving up the value chain

SERIES ON INDUSTRIALISATION FOR AN EMERGING AFRICA



Income to coffee
growing countries
10%



Income to coffee
processing countries
90%

How to correct this: Moving up the global value chain

Moving up the value chain can deliver benefits for income, but it requires competitive processing industries and access to marketing and distribution networks, as with coffee. Forward integration confers other benefits. It can reduce the exposure of countries producing primary commodities to price fluctuations which can be very high. In recent times, for example, volatility for unprocessed primary commodities was much higher than that for processed commodities. This holds particularly true for the ore, minerals and metals group, with annual fluctuations of 23 per cent for unprocessed material against 13 per cent for processed products. Major gains in price stability for processed products versus raw materials are also associated with tin, tungsten, copper, cocoa and cotton.