Manufacturing Sector, Natural Resources and Economic Growth in Africa

Dagbégnon Marc Luc AKPLOGAN

National School of Statistics and Applied Economics, ENSEA Abidjan
Research Unit Applied Macroeconomics (CERMEA), ENSEA
Engineer Statistician Economist, Research Assistant at ENSEA
ENSEA, Abidjan, Côte d'Ivoire, e-mail: akpmd1@yahoo.fr

Abstract

Empirical studies are devoted to the impact of the manufacturing sector on economic growth assume that the relationship between it and the product per capita is the same for countries exporting natural resources and "non-exporters". The objective of this paper is to establish the relationship between the value added of manufacturing and agricultural sectors and GDP per capita in African countries according to their endowments of natural resource. The article examines whether natural resources in African countries affect this relationship. To do this, we estimate panel data models using data from 40 African countries over the period 1980-2010 from WDI. The method consists to estimate a panel data model, drawing on the writings of Szirmai, (2011) and approaches proposed by Arellano and Bond (1991) and Bond and Blundell (1998), on the other hand. We find that manufacturing value added has a positive and significant impact on the level of per capita product if and only if the value of the share of minerals and fuels in total exports is less than a certain critical value. We identify 30 countries where the value added in the manufacturing sector increases output the per capita (group 1) and 10 countries where this relationship is not significant (group 2). Agricultural value added has a negative effect on the level of output per capita in Africa. In addition, investment in infrastructure increases the level of output per capita in the African countries. These countries have an interest in developing their manufacturing and to increase their investment in infrastructure to stimulate growth.

Keywords: Economic Growth, Manufacturing, Natural Resources, Panel data