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Christophe Yvetot argues in favour of innovative collaborative models.

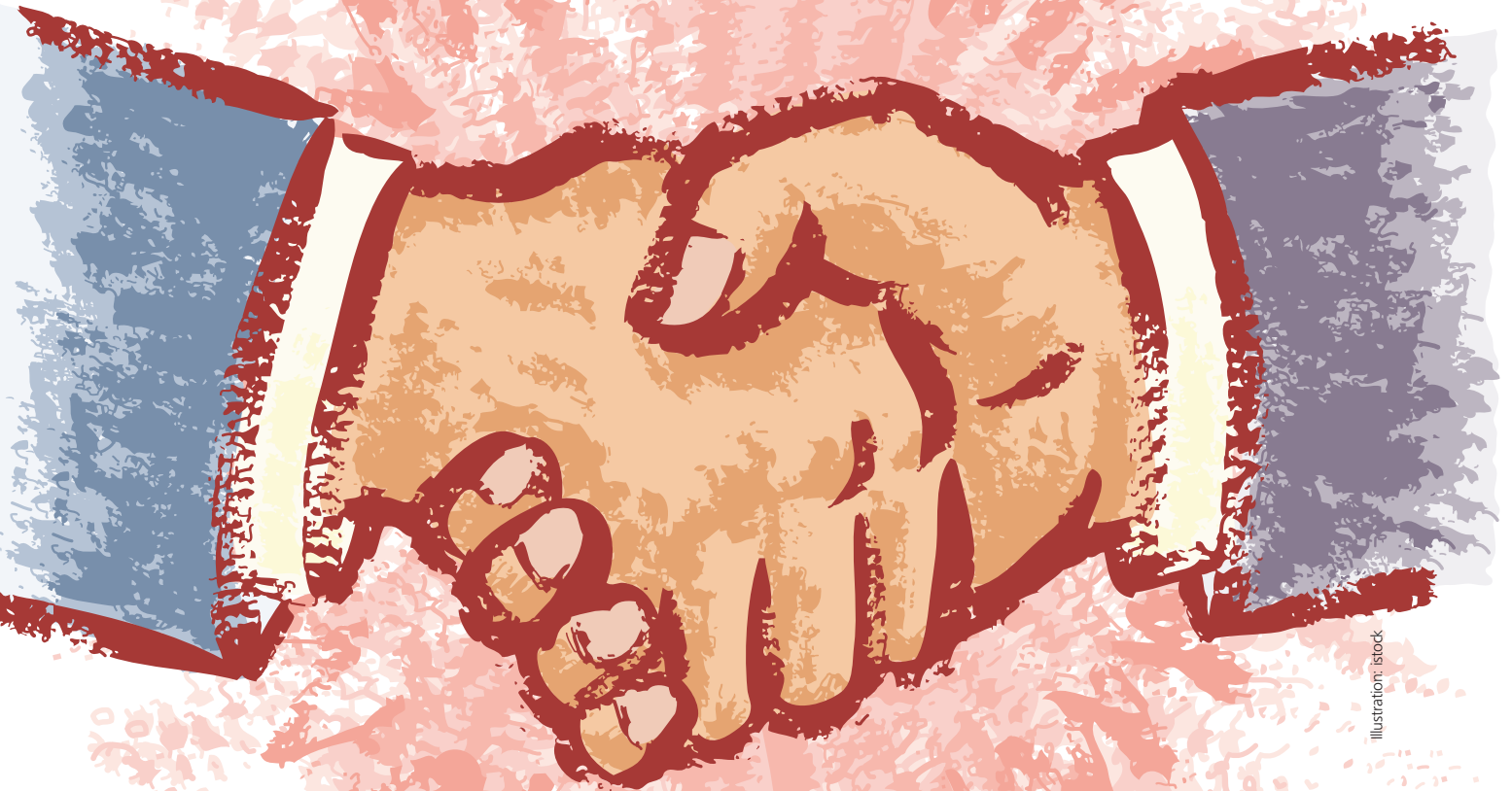


Illustration: istock

# *Industrial diplomacy for sustainable prosperity*

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As recognized by the UN Conference on Sustainable Development in June 2012, industry – and the many activities it drives and encompasses – will be central for the achievement of the two main objectives humanity will need to realize for a sustainable future: ensuring prosperity for all, while saving the planet, in the context of rapid demographic growth. In fact, two billion more people will be on earth by 2050, adding to the current seven billion, which will further increase the pressure on economic and social systems, as well as on natural resources.

### **The centrality of industry for sustainable development**

Industrial activities can contribute to the creation of millions of jobs in developing countries through the processing of their natural resources and their participation in national, regional and global value chains. To create wealth for all, these countries need structural change, which means moving from the traditional exports of raw materials and commodities, to manufacturing activities and the diversification of their economies.

At the same time, we have reached our planet's boundaries. We will have to change our consumption and production patterns in one generation and develop a green economy supported by green industry. To operate this fundamental transformation, we will need to invent smart policies that can leverage massive private investments for large-scale transfer and utilization of best available technologies, as well as stimulate the effective implementation of resource efficiency and sustainable energy in industry.

### **From competition to cooperation and solidarity**

One of the main obstacles to building a community of purpose concerning the role of industry in achieving sustainable prosperity is that current national and international strategies are too focused on competition, and not enough on cooperation and solidarity. We know the immediate consequences: de-industrialization in the North; rapid industrialization in emerging economies but accompanied by poverty and inequality; increasing marginalization of the poorest countries; and, finally, a collective threat to the environment. Despite this, there are immense possibilities for cooperation that could benefit everyone.

Emerging economies are doing well but they still need massive investments and technology transfer to create jobs and make their industries more resource and energy-efficient. At the same time, many industries, particularly small

and medium-sized enterprises, from the North and from other emerging economies, are looking for new partners and new markets abroad.

In the poorest countries, cooperation, particularly business-to-business industrial cooperation, rarely takes place. These countries, mainly Least Developed Countries, need massive solidarity to assist them in moving towards industrialization and building their productive capacity through modern infrastructure and technical skills, industrial modernization and quality production. Perhaps a new category of 'least developed manufacturing countries' could be created in the context of trade negotiations and development assistance. Such a category would mean that specific trade or development regimes could be tailored to consider the level of industrialization of the country, which would then be adapted over time as industrialization progressed.

### **UNIDO's industrial diplomacy**

The potential for North-South and South-South industrial cooperation is huge. There are already many cooperation models that are implemented every day in the global economy: joint ventures, strategic alliances and other forms of business linkages. These types of cooperation have a great potential for creating decent jobs, while modernizing and upgrading local enterprises, but only if industrial policies are in place at country or regional levels. Without the right policies in place, industrial cooperation and investments cannot be developed on the scale necessary to have a massive impact on local manufacturing and employment.

There are already various industrial frameworks that UNIDO, in constant dialogue with its 174 member states, has developed through its industrial diplomacy:

- Sustainable Energy for All, the UN Secretary General's initiative led by UNIDO Director-General, Kandeh Yumkella, brought representatives from public sector and industry together to make huge commitments at the Rio+20 conference to support universal energy access, energy efficiency and renewable energy by 2030.
- The Green Industry Platform, which was launched at Rio+20, brings together representatives from the public sector, industry and civil society, to support the greening of existing industries and the creation of new green industries all over the world.
- The Strategy for the Accelerated Industrial Development of Africa, endorsed in 2008 by African heads of state and governments and by the Africa-European Union Summit in 2010, represents a strategic framework for Africa's industrial development approved at the highest

political level by all African countries and by industry.

● The Africa Agro-Industry and Agribusiness Initiative, adopted by the Abuja Conference in 2010, is a strategy to boost this sector for achieving an African green revolution and food security. It has facilitated dialogue between governments, industrials and civil society.

● The Manila Declaration represents a framework for greening Asia industries that was approved by ministers, industry and civil society from Asian countries in 2009.

● The Quito Strategic Proposal on resource and energy efficiency in industry is a framework that was approved by experts from the public and private sectors of Latin America and the Caribbean in 2012.

● Other regional industrial frameworks and programmes have been prepared by UNIDO in partnership with Regional Economic Communities all over the world, including in all regions of Africa, in Central America, in the Caribbean and in Asia.

### **Diplomacy of action**

Diplomacy is generally described as a way to reach objectives through dialogue and negotiation. In this regard, industrial diplomacy can mobilize cities, governments, industries and citizens to discuss and agree on the contribution of industry to job creation and green growth. It can help governments and industries from the North and the South to negotiate the conditions of their mutually beneficial cooperation. One example of industrial diplomacy, Sustainable Energy for All (SE4ALL), has emerged as a new model. It has mobilized governments, industries, citizens and academia around clear objectives, and has developed an action agenda that provides a common roadmap for all players. After almost one year of inclusive dialogue, it has built a community of purpose among stakeholders who originally had different positions and interests. The result is the mobilization of more than 100 governments and industries, which have committed to invest more than US\$50 billion and to connect more than 1 billion people to modern energy.

At a time when trade negotiations are frozen and environment and climate negotiations are moving slowly, the success of the SE4ALL initiative is an obvious demonstration that innovative collaborative models can work for creating a community of purpose around public goods. To achieve wealth and green growth for all, we clearly need industrial diplomacy, diplomacy for the real economy, diplomacy of action.