Rising commodity prices create new constraints but aslo new opportunities for African countries. While the traditional path to development via labour intensive manufactured exports has become more difficult with the development of China and other countries, there are new opportunities for backward linkages from commodity production. Commodity producers are very profitable and they also have incentives to source their inputs locally so as to avoid high costs and unreliability of transport and logistics accompanying imports. Moreover, they are under "political" pressures to support local production. Hence there are new opportunities to grow local firms supplying the commodity producers.

The main challenge to enhancing these linkages are th skills constraint and the technological challenges as local firms move into more sophisticated and demanding products. There is an opportunity here for governments to work together with the commodity producers to secure efficient and effective local supply. This "industrial policy" will have important skill and technological upgrading components. Of particular note, is the provision of technical and engineering services which are currently largely imported at considerable cost and delay. Since these activities have spillover effects and form a basis for other sectors and firms, there may be a role for providing government support.