

التطورات بعيدة المدى للصناعة العالمية (نسب النمو والحصص وفقاً للأقاليم)

Long Term Developments in Global Manufacturing (Regional Growth & Shares)

The trends in global manufacturing and international trade of manufactured goods have profound implication for development and industrialization attempts of all countries of the world. The United Nations Industrial Development Organization (UNIDO) has released the data collected from all the world's countries according to which, total global industrial output in 2005 stood at around 6.5 trillion Dollar (slightly more than 10% of global GDP), and it grew at a rate of 2.6% during 2000-05, compared to 4.3% during 1995-2000. The larger part of this output came from the Western developed industrial countries (70%) and the rest of the world for 30%.

Global Manufacturing Value Added (MVA), by Region, \$ Bn. (2000 prices),%

	Share (%)		MVA (Bn. \$)		Annual Growth (%)	
	2000	2005	2000	2005	95-05	00-05
Western Countries	74.3	69.4	4,289.8	4,535.2	3.7	1.1
East Europe	1.4	1.6	80.1	108.9	1.6	7.2
Developing countries	24.3	29.0	1,404.4	1,892.5	6.5	7.0
World	100.0	100.0	5,774.3	6,536.6	4.3	2.6
Sub-Saharan Africa	0.7	0.7	39.7	45.8	3.0	3.1
excluding South Africa	0.3	0.3	16.7	19.7	3.7	3.5
South Asia	1.5	1.8	85.8	119.9	5.5	7.9
(- excluding India)	(0.3)	(0.4)	20.1	28.8	5.0	8.7
Middle East & North Africa	1.9	2.2	110.5	145.9	6.4	6.4
(- excluding Turkey)	(1.4)	(1.7)	83.5	111.9	7.2	6.8
Latin America & Caribbean	6.6	6.4	378.4	415.2	3.5	1.9
(- excluding Mexico)	(4.7)	(4.7)	271.2	308.7	1.8	2.8
East Asia and the Pacific	13.3	17.5	770.4	1,146.7	8.6	9.8
(- excluding China)	(6.7)	(7.7)	385.5	502.3	6.2	6.1
Least developed countries	0.3	0.3	16.7	22.7	6.1	7.3

Source: UNIDO

Globalized manufacturing - The domination of the developed countries is slowly reducing as the industrialization in developing countries gather pace, even though manufacturing is still very unevenly spread across the world. Manufacturing is increasingly becoming a globalized activity, and globalization is giving a major impetus to manufacturing. The industrialization attempts of developing countries no longer depend on their domestic markets alone. Instead, exports are of ten the focus with China's case being the most perfect example. Global trade in manufactured goods doubled between 1981 and 2000, so, this strategy has considerable potential.

Global industrial slowdown - UNIDO estimates that the annual growth in global manufacturing value added slowed from 4.3% between 1995 and 2000 to 2.6% between 2000 and 2005. This slowdown does not apply to all the regions of the world. On the contrary, growth in the developing world accelerated, while industrial growth in the developed world has virtually come to a crawl in this period (causing a slowdown in the composite global growth).

But not in the developing world - The estimated growth rate of manufacturing value added in the developing world was a mere 1.1% in 2000-2005, compared to 3.7% per annum during 1995-2000. Meanwhile, the growth rate in developing countries accelerated to 7% from an already rapid 6.5% between these two periods. Incidentally, MVA in countries of East Europe grew even faster at 7.2% (though their share in global output is very small at a mere 1.6%).

Shares - The share of industrialised Western countries in global MVA dropped down to 69.4% in 2005 from 74.3% in 2000. Meanwhile during the same period the share of developing countries increased by almost five percentage points. The most important area of current industrial grow is in East Asia which saw its share increase from 13.3% in 2000 to 17.5% in 2005. Latin America and the Caribbean lost ground marginally, from a 6.6% share of global MVA in 2000 to 6.4% in 2005. The share of sub-Saharan Africa remained unchanged at 0.7%, as did the share of least developed countries, which remained at 0.3%.

Growth regions - East Asia and the Pacific had the highest annual growth (almost 9.8%), resulting mainly from the rapid MVA growth in China. The next best performing region is South Asia, with an annual growth rate of 7.9%, largely accounted for by India (~80%). The Middle East and North Africa show an annual growth rate of 6.4%, followed by sub-Saharan Africa (3.1%) and Latin America and the Caribbean (1.9%).

Domination of East Asia - Seven of the top manufacturing countries in the developing world are in East Asia, namely China, South Korea, Taiwan Province of China, Indonesia, Thailand, Malaysia and Singapore. They are followed by Brazil and Mexico. India is still small at a mere 4.8% of global MVA in 2005, and did not see any growth in its global share in these ten years. China is by far the leader in the developing world, which increased its share from 23% to 34% between 1995 and 2005.

Countries – Seven East Asian countries beside India, Brazil and Mexico account for almost 80% of the industrial output of the developing world, reflecting the imbalance within the developing world. China has shown a most significant surge in its share in global output. Besides this, there has been little change in the relative importance of

leading manufacturers among developing countries since 2000. Brazil and Mexico suffered modest declines in their share of developing country MVA, from 8.6 to 7.2% and from 7.6 to 5.6%, respectively.

Technology - The UNIDO figures also indicate that the developing countries are moving into more technologically sophisticated industries. The UN industrial body determines this by classifying industries into the following three categories as in the table below. The developing countries are increasing their profile in medium to high technology industries. Their reliance on resource based as well as low technology industries is slowly declining.

Technology Share of Developing Countries, (% of global total)

	1993	1998	2003
Resource Based Industries	41.4	40.2	38.5
Medium & High Technology Industries	38.1	40.4	43.8
Low Technology Industries	20.6	19.4	17.7

Source: UNIDO

Unequal spread of industrial growth - However, these trends are largely because of the developments in East Asia and are not uniformly spread all across the developing world. East Asia (this is not even including China), has the most sophisticated industrial structure among developing countries, even better than China, which is ranked second in this regard, and then by South Asia (mostly because of India's industrial technological advances). Meanwhile, Latin America and the Caribbean seem to have lost their share in medium and high-technology industries.

East Asia's dominant position in global manufacturing is well known, as evidenced by the region's huge share of medium and high-technology products in MVA and exports. China's dramatic rise as a global manufacturing powerhouse is seen in resource-based and in medium to high levels of technology. East Asia (excluding China), shows similarly impressive gains.

Outlook: Structural change in global manufacturing - The key global trend is a shift in location of manufacturing growth away from developed to developing countries. This would have happened much earlier but for the protection offered by the Western countries to their manufacturing sector. A prime example is the garments industry, whose imports into USA and EU were restricted till 1995 by quotas. Now, that trend has started, led by China, the issue is whether other developing countries can emulate this. In terms of growth, the data seems to indicate its feasibility. For instance, the growth rate in Africa, excluding South Africa, was higher than in South Africa, the regional giant. Similarly, Middle East without Turkey had a higher growth rate than Turkey. Even the group of "least developed" countries had an impressive growth rate of 7.3%.