What are governments doing?

Since the early 2000s, many developing economies have started to implement industrial policies. In Latin America, Brazil has been the pioneer where the return of industrial policy dates back to 2003. South Africa made a serious commitment to industrial policy in 2007 and Morocco embarked upon an initiative for industrial development in 2005. China, in turn, has been continuously implementing industrial policies since the 1950s following a particular policy model characterised by a mix of state intervention and strategic opening to global markets. More recently, the country has been prioritising innovation as a key driver for future industrial development.

Increasing the competitiveness of existing firms, supporting the creation of new firms and entering into new sectors and activities are three major objectives for industrial policy in developing economies.

New priorities in the formulation of industrial policies include territorial inclusion and social cohesion, in addition to the traditional objectives of growth and job creation.

Did you know?

Promoting learning and innovation, reducing the skills mismatches, facilitating access to finance, especially for SMEs, and improving infrastructure are major challenges faced by developing countries when they engage in production transformation strategies.

To find out more country-specific examples in the Perspectives on Global Development 2013 report visit our websites: www.oecd.org/dev/pgd or www.oecd-ilibrary.org

The OECD Development Centre

The Development Centre of the Organisation for Economic Co-operation and Development was established by decision of the OECD Council on 23 October 1962. The Development Centre, whose membership is open to both OECD and non-OECD countries, occupies a unique place within the OECD and in the international community. Members finance the Centre and serve on its Governing Board, which sets the biennial work programme and oversees its implementation.

The Centre links OECD members with developing and emerging economies and fosters debate and discussion to seek creative policy solutions to emerging global issues and development challenges.

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#PGD2013
What is the “OECD Perspectives on Global Development”?

First launched in 2010, Perspectives on Global Development (PGD) is the OECD Development Centre’s new flagship report. This annual report aims at flagging emerging issues in the development debate by highlighting new economic and policy trends in developing countries. The reshaping of the world economic and social landscape has been at the core of the analysis in the first three editions of the PGD:

- PGD 2010: Shifting Wealth
- PGD 2012: Social Cohesion in a Shifting World
- PGD 2013: Industrial Policies in a Changing World


The Perspectives on Global Development 2013: Industrial Policies in a Changing World discusses the recent trends in growth and production at the global level and the resurgence of interest in industrial policy for development. The rise of emerging economies is changing production, trade and consumption patterns on a global scale. This opens up new opportunities but also challenges for production transformation and innovation in developing economies. While global growth is shifting towards the east and the south, many developing economies are still facing barriers to diversify their economies and improve their participation in global markets and value chains. In this changing world, many developing countries have shown a renewed interest in industrial policies. The report highlights trends and challenges to achieve production transformation focusing on innovation, skills, finance and infrastructure.

The 2013 edition was elaborated in partnership with the Association of European Development Finance Institutions and has benefited from collaboration with other international organisations including ECLAC-UN and governmental organisations in Development Centre member countries including the Brazilian Development Bank (BNDES), the Department of Trade and Industry of South Africa and the Ministry of Industry, Trade and New Technologies of Morocco.

Global growth trends

Since 2003, more than half of the world’s economic growth has derived from non-OECD countries. Moreover, by 2011 non-OECD economies accounted for more than 45% of world GDP (in purchasing power parity [PPP] terms). Today, the combined GDP of China and India is equivalent to about one-third of that of the OECD area, but is expected to exceed it by 2060.

Annual GDP growth rates by income group, 1985-2011

Despite concerns about the global economic slowdown, shifting wealth is a structural phenomenon that is likely to continue in the future.

Initially this shifting wealth was mostly associated with the rise and progressive integration of China into global markets. Today it is changing in nature thanks to the ongoing processes of structural transformation and accumulation of capabilities, know-how, skills and financial assets in developing economies.

A changing global production landscape

China is the main driver of shifting wealth. However, other countries are also contributing to this process. China, Brazil and India are among the top ten world manufacturers. Their shares in global manufacturing output increased steadily between 2000 and 2010. South-South trade and investment are on the rise. For example, China, India and Brazil have emerged as new partners for Africa. In 2011, China accounted for 17% of total African imports, up from only 5% in 2000. India and Brazil increased their share in total African trade from 2.3% and 1.7% respectively in 2000, to 7% and 3% in 2011.

Developing economies are also increasing their innovation capabilities, though they still lag behind OECD countries. They face barriers in channelling finance for production, especially in the case of SMEs, and in matching skills development with production transformation needs. In addition, in many of them hard and soft infrastructure hampers competitiveness.

Did you know?

In 2010, China was the world’s largest manufacturer, accounting for 18.9% of world manufacturing value added. Brazil and India are also among the top ten world manufacturers.