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New industrial and trade dynamics in a changing world

Paper submitted by

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New industrial and trade dynamics in a changing world

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3 key issues from the policy dialogue

• Solutions => advanced manufacturing systems
• Identity => values & reputation
• Together => pacts for development
GVCs made new actors entering in global trade dynamics **BUT**

Top 20 WORLD FDI destination cities, 2013-15 in automotive
Top 20 FDI destination cities in electronics, 2013-15
Top 20 FDI destination cities in textiles, 2013-15
THE DIGITALISATION OF MANUFACTURING IS REDEFINING THE ORGANISATION OF PRODUCTION WITHIN AND BETWEEN FIRMS & the ORIGIN of RENTS

Including software /licences the market value is **three times** higher

Source: OECD Development Centre based on IFR data
3 words to define the current landscape

UNCERTAINTY - COMPLEXITY - HIGH SPEED

Drivers of change

Science & Technology  Aspirations & Values  Global Challenges

YESTERDAY

OUTPUT
PRODUCTS & SERVICES
DESIGN & R&D
COST-OPTIMISAITON DRIVEN

TOMORROW

EXPERIENCES
INTEGRATED SYSTEMS & PLATFORMS
IMAGE & REPUTATION DRIVEN

VC ORGANISATION
In GOING FORWARD:
- **Higher speed** (the windows of opportunities close up faster...)
- **Investment! Investment! Investment!** The transition towards the new industrial & services model will require high(er) level of investments.
- New and effective forms of public-private **dialogue & partnerships**

Higher heterogeneity
Growing divides
Risk of marginality
Growing concentration

More inclusive and sustainable economies
Tailor-made solutions (e.g. targeted medicine)
Stronger regional & globally connected production systems

**INTERNET CONNECTION SPEED**

Source: OECD Development Centre elaboration on Akamai Faster Forward State of the Internet Report, 2017
There is a growing need for strategic visions and coordinated policy actions to anticipate and shape the changes and to put “values-identity&citizens” at the core

<table>
<thead>
<tr>
<th>Key areas for shaping the future</th>
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<tr>
<td>Skills for the future</td>
<td>✓</td>
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<td>Infrastructure (ICT and physical)</td>
<td>✓</td>
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<td>Standards &amp; compatibility</td>
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<tr>
<td>Regulations on data storage, cybersecurity/privacy</td>
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<td>IP and copyright including on data ownership</td>
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<tr>
<td>Redefining social contracts (responsibilities and rights)</td>
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<td>Technology transfer</td>
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<td>Digital trade</td>
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<td>Regional integration and multilateralism</td>
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PTPRs- PRODUCTION TRANSFORMATION POLICY REVIEWS
A 5 pillar framework for effective governance and for successful production systems
Key Findings

- Scanning even for weak signals is an essential component of successful strategies, because, at an early stage, it factors in events with high probability and significant disrupt impacts.

- Effective prioritisation needs to be based on scanning for potential future strategic foresight strategies and should ensure the engagement and commitment of all stakeholders (private sector, academia, local communities) from the outset.

- The private sector can drive disruptive change, in many cases, due to government’s role.

- Engaging in foresight and planning can be a tool for building confidence.

Major technological countries to diversify.

Lessons learned

- Targeted programmes need to be technically feasible, yet they also need to be politically acceptable.

- Building a shared vision requires early partnerships with the private sector, a whole of government approach, and structured and open dialogue with civil society.

- Managing targeted programmes

- Start small, experiment, and identify quick wins.

- Go beyond pure economic assessments and analyse the impact on jobs and the environment. This will require developing early indicators to assess transformation strategies according to a more comprehensive framework.

- Ensure local ownership. Even when some targeted or sectoral programmes are initiated through international partnerships, ownership by local communities should be built and maintained.
On-going PTPRs

PTPRs in implementation

Chile

Colombia

Shenzhen (PRC)

Sweden

Emilia Romagna (Italy)

Peers

PTPRs in implementation