



Trade and Development Board, 63 Session
Item 5, 7 December 2016

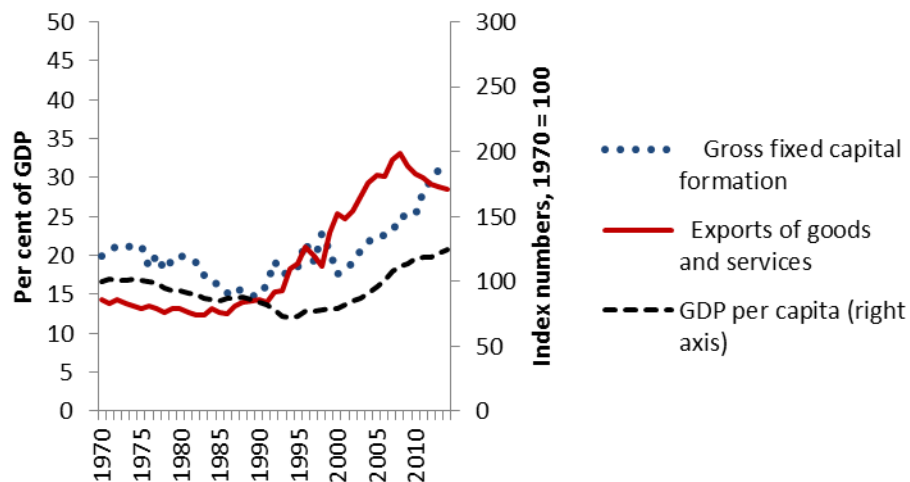
Structural transformation, graduation and industrial policy

Alfredo Calcagno
Head, Macroeconomic and Development Policies
Branch, DGDS

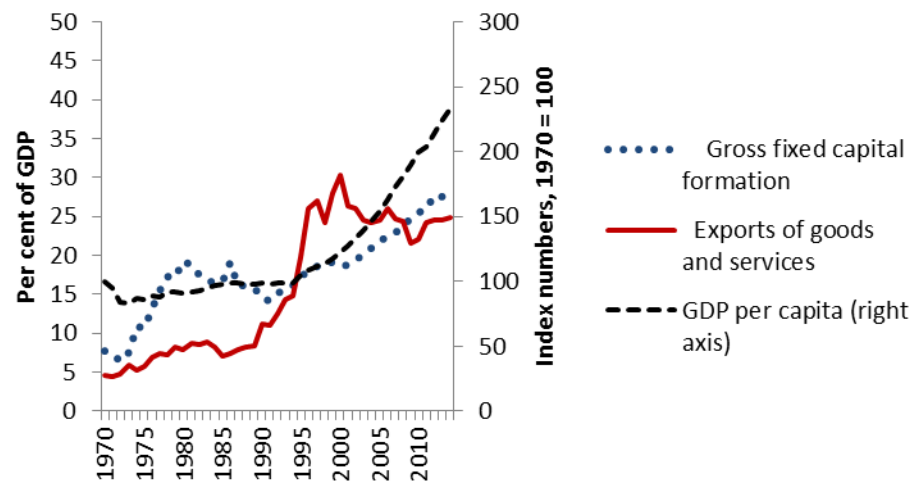


LDCs countries: Exports and investment ratios and GDP per capita, 1970-2014

LDCs Africa and Haiti

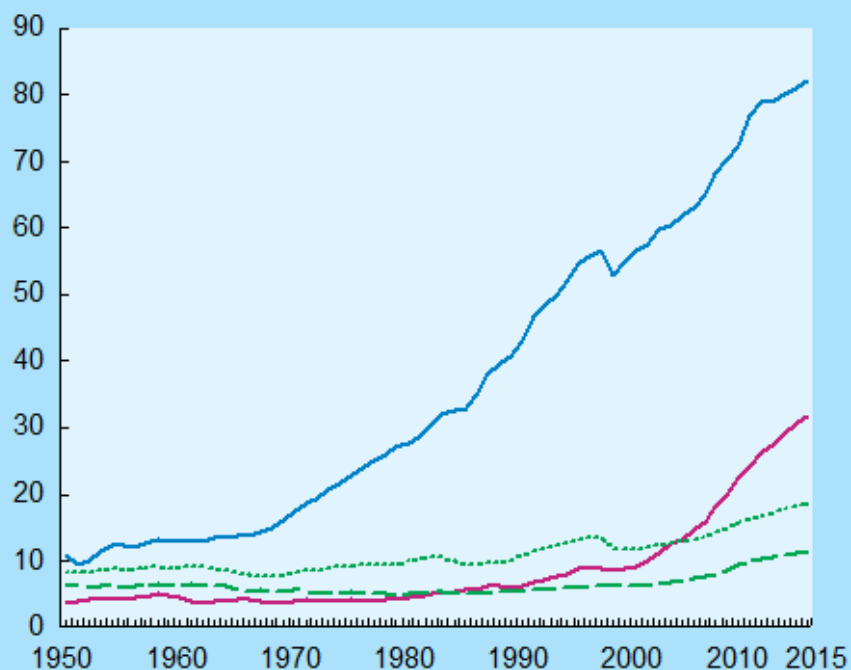


LDCs Asia

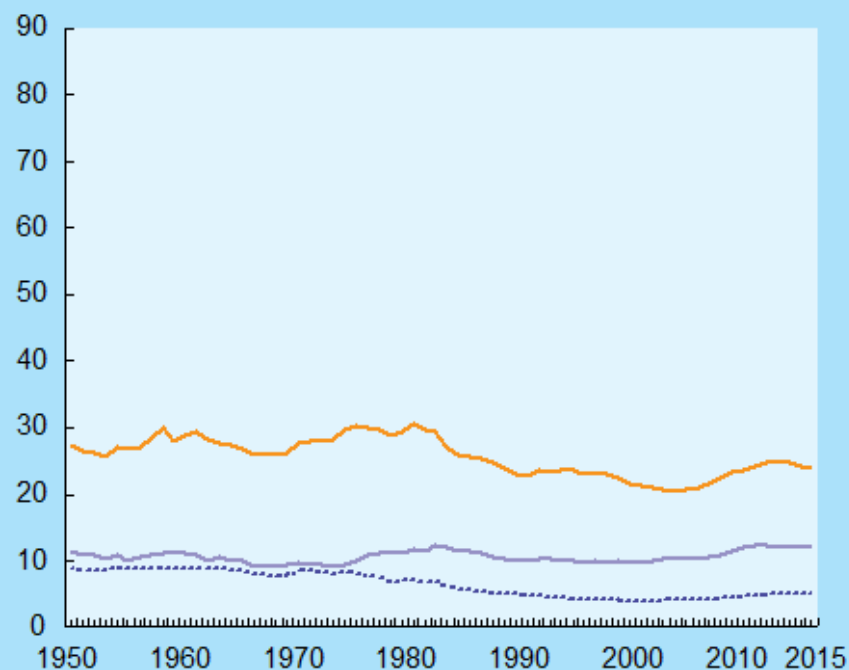




Ratio of GDP per capita of selected countries and country groups to GDP per capita of the United States, 1950–2015



China
South-East Asia
South Asia
First-tier NIEs

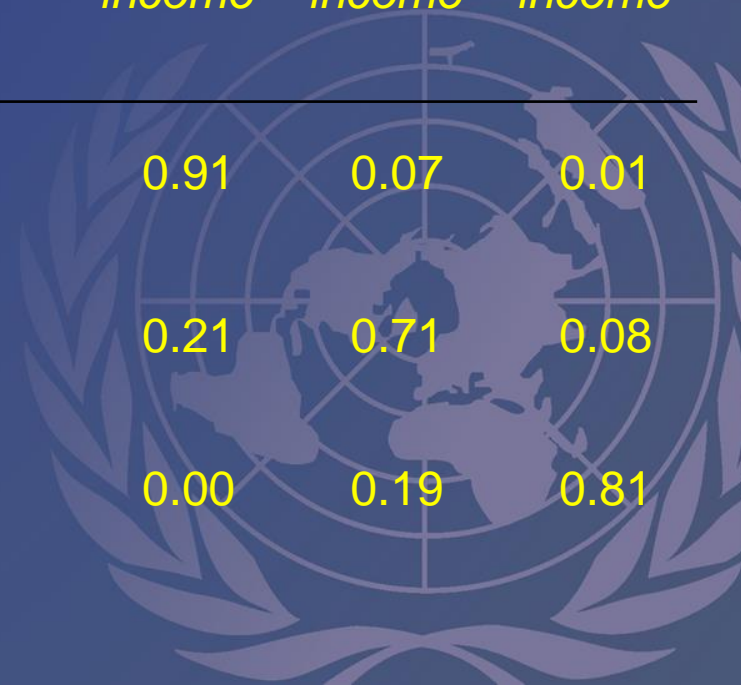


Latin America and the Caribbean
North Africa
Sub-Saharan Africa



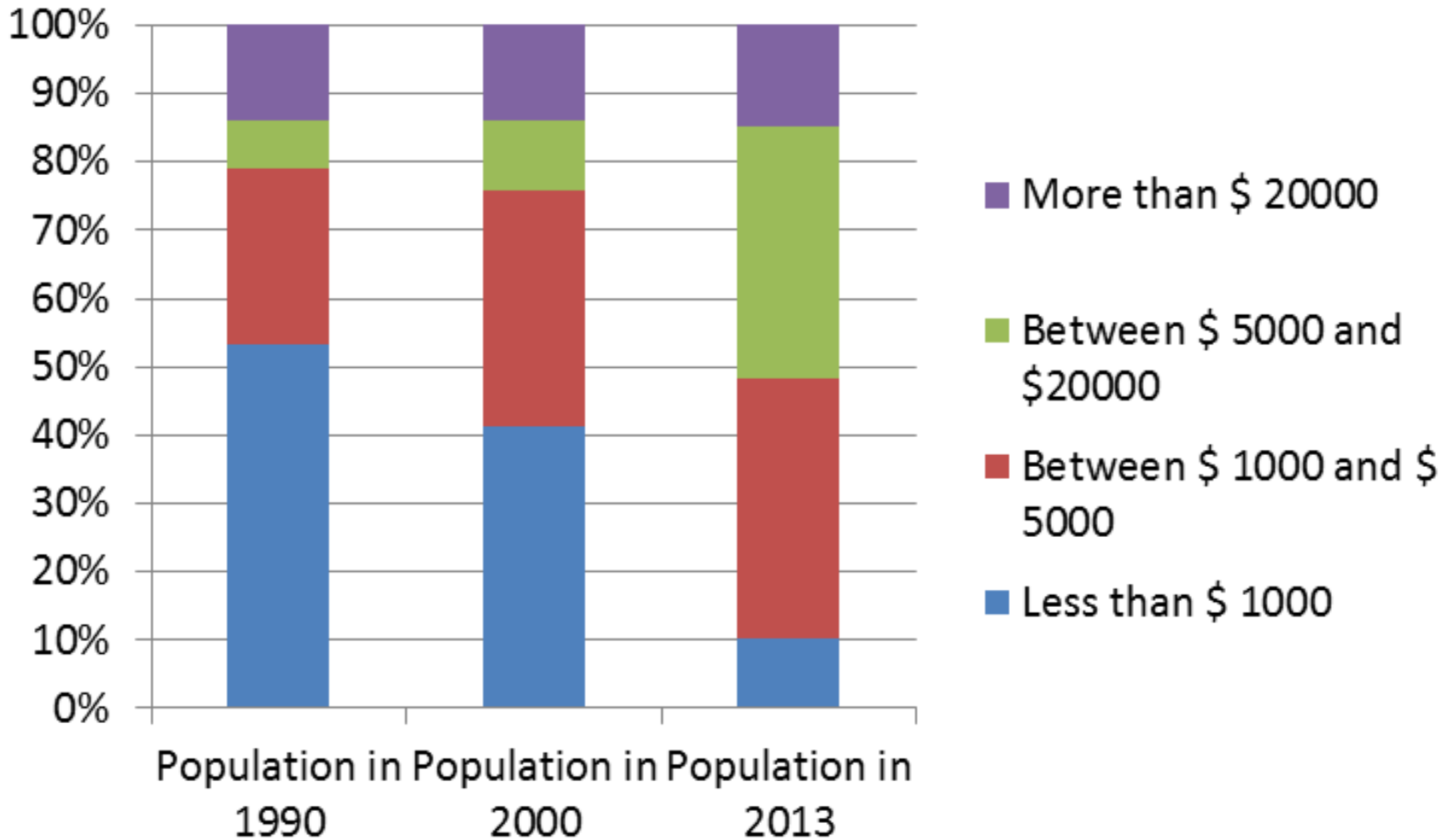
Probability of catch up with the US by income group, 1950-1980 and 1981-2010

	1950-1980			1981-2010		
<i>Ending position</i>	<i>Low income</i>	<i>Middle income</i>	<i>High income</i>	<i>Low income</i>	<i>Middle income</i>	<i>High income</i>
<i>Starting position</i>						
Low income	0.85	0.15	0.00	0.91	0.07	0.01
Middle income	0.12	0.70	0.18	0.21	0.71	0.08
High income	0.00	0.06	0.94	0.00	0.19	0.81



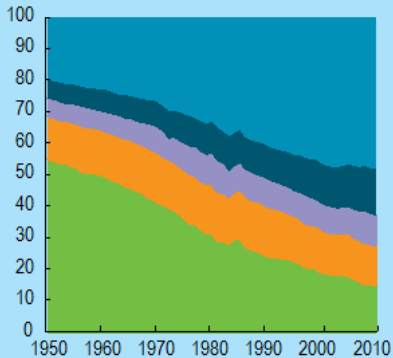


Share of world's population living in countries ranked by per capita income (*in %*)

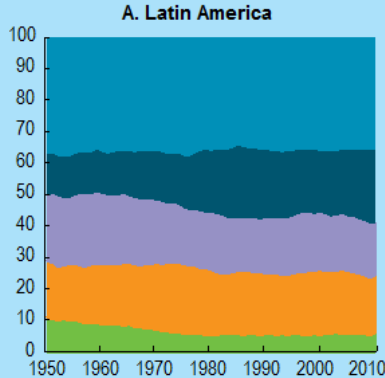


Employment, value added and productivity by economic sector in selected country groups

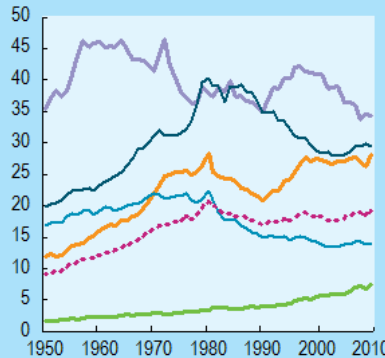
Employment share by sector
(Per cent of total employment)



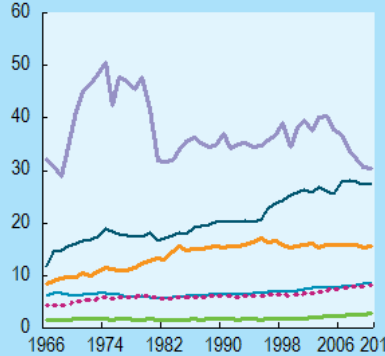
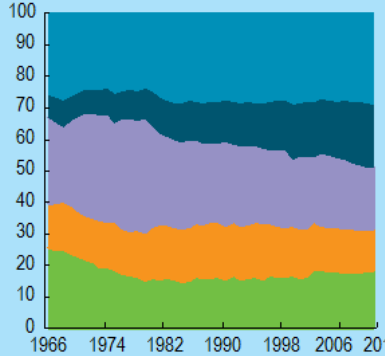
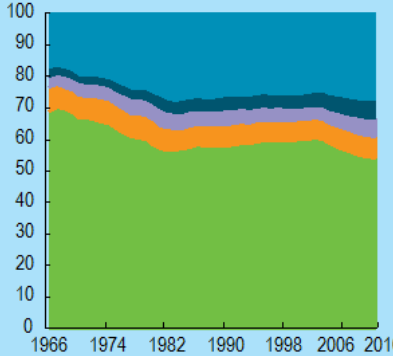
Value added share by sector
(Per cent of total value added)



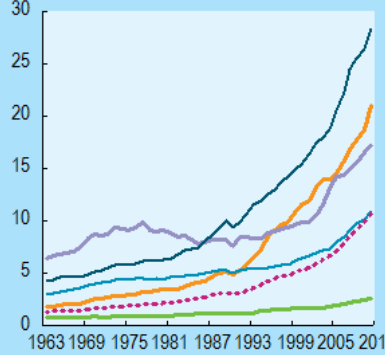
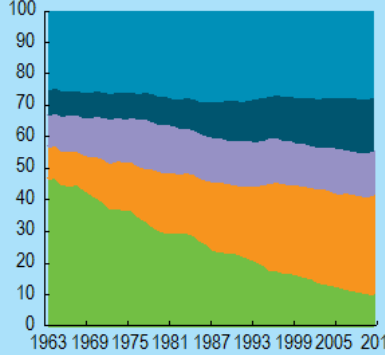
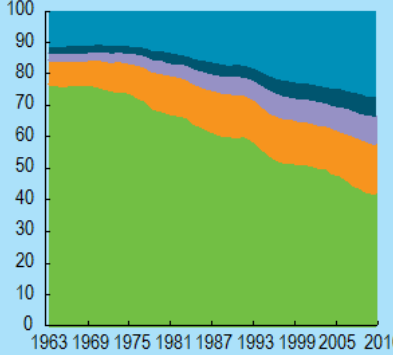
Productivity by sector
(Thousands of 2005 PPP dollars)



B. Africa



C. Asia



- Other services
- FIRE, TSC
- Other industries
- Manufacturing
- Agriculture

- Other services
- FIRE, TSC
- Other industries
- Manufacturing
- Agriculture

- Other services
- FIRE, TSC
- Other industries
- Manufacturing
- Agriculture
- Total





Manufacturing in LDC countries and South-Saharan Africa, 1970-2014

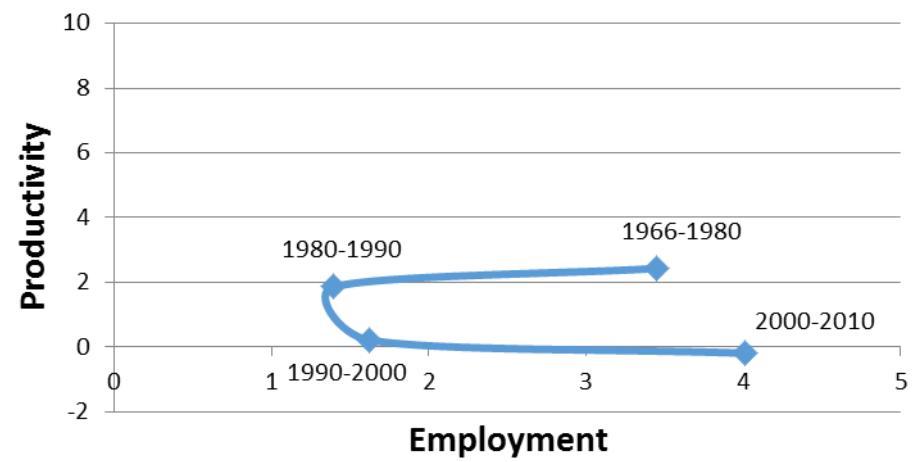
		1970-80	1981-90	1991-02	2003-08	2009-14
Sub-Saharan Africa exc. South Africa						
Manufacturing as % of GDP		11.7	12.4	10.0	8.6	8.5
Growth rate of manufacturing		3.2	2.6	1.2	5.2	7.6
LDCs Africa and Haiti						
Manufacturing as % of GDP		15.8	14.5	9.9	8.3	7.6
Growth rate of manufacturing		0.3	1.3	0.9	4.6	5.1
LDCs Asia						
Manufacturing as % of GDP		10.7	10.9	11.7	13.8	16.0
Growth rate of manufacturing		4.2	3.1	6.9	9.3	8.7



Africa and Asia: Employment and productivity in manufacturing, 1963-2010

(Average growth rates in selected periods)

Africa



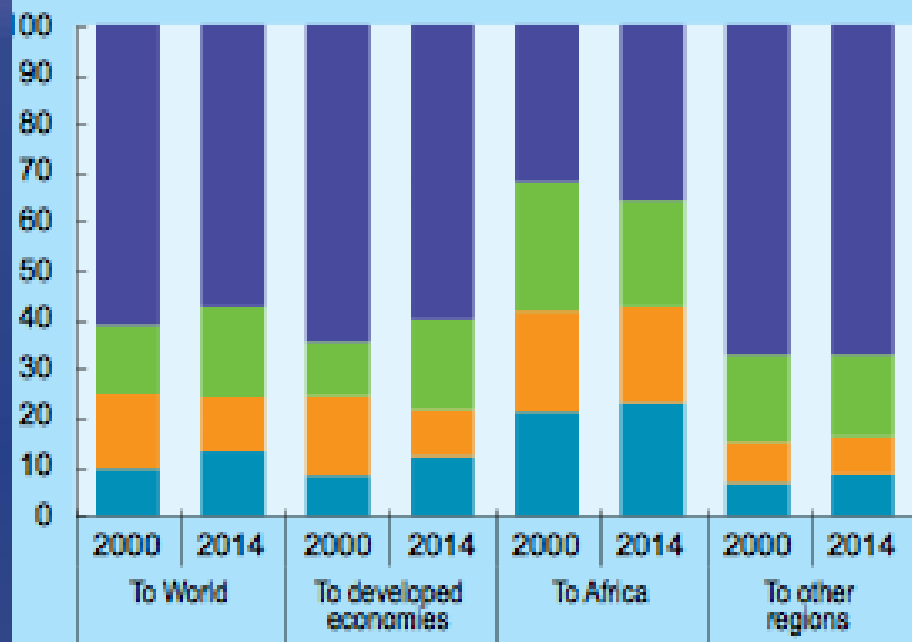
Asia





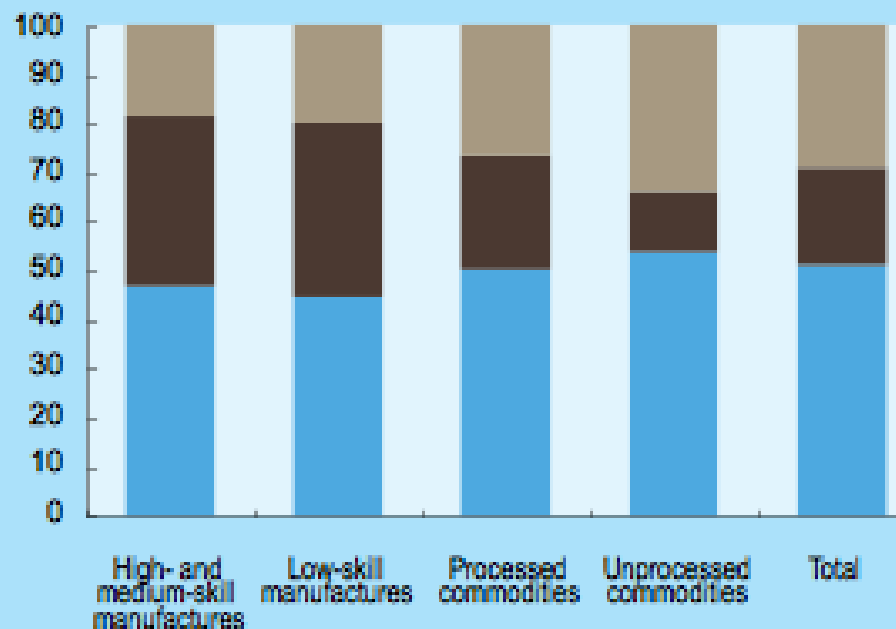
Composition and direction of African exports, 2000–2014

(i) Composition and direction of exports



- High- and medium-skill manufactures
- Low-skill manufactures
- Processed commodities
- Unprocessed commodities

(ii) Direction of exports by product group, in 2014



- To developed economies
- To Africa
- To other regions



- No country has made the journey from rural poverty to industrial or post-industrial prosperity without the use of targeted and selective production transformation policies.
- These in turn require an integrated policy approach with supportive macroeconomic, trade, credit and institutional policies.
- Governments need to be pragmatic in choices of products and markets, fostering production, technology and income linkages that can expand domestic and regional markets.
- Development requires structural change in which employment is reallocated to the activities with highest productivity and strongest production and income linkages. This in turn requires strong investment in all sectors, but particularly in manufacturing and modern services, for them to increase employment and productivity at the same time.
- Countries with rich commodities endowment need active policies for prompting industrialization through the development of forward and backward linkages and the capture of a fair share of primary rents by the State for financing infrastructure and economic diversification

