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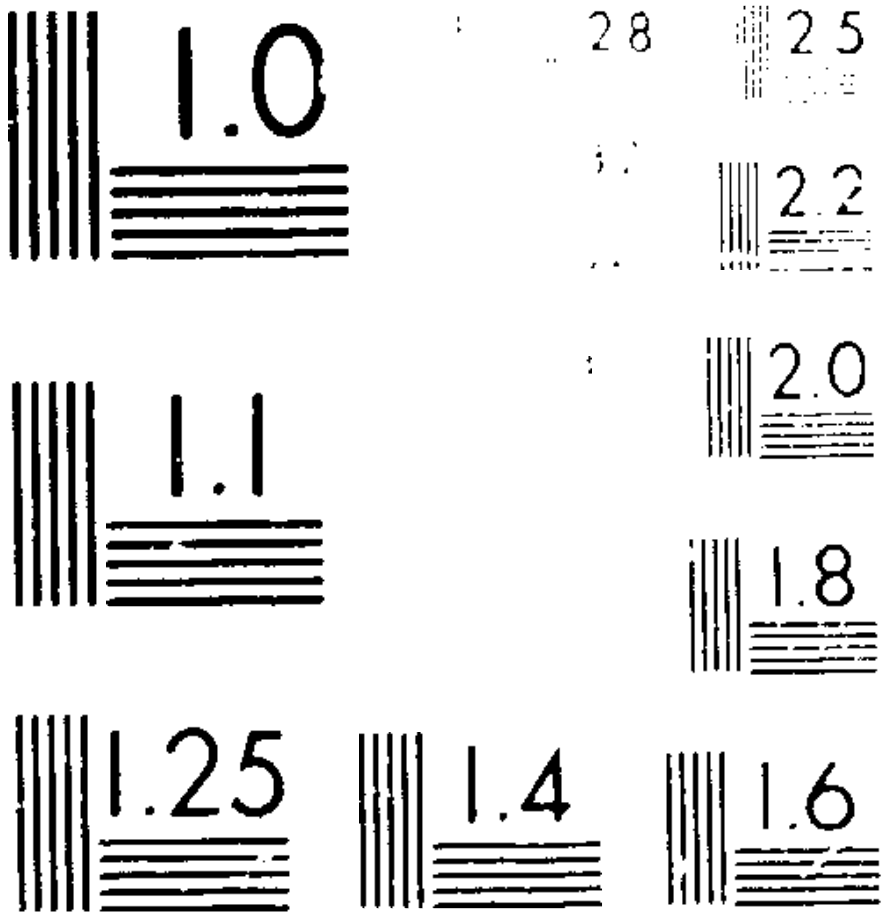
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INDUSTRIAL DEVELOPMENT IN DEVELOPING ASIA AND THE PACIFIC - RECENT PROGRESS*/

prepared by the

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CONTENTS

Chapter I

INTRODUCTION

The purpose of this paper, prepared for the forthcoming ESCAP meeting of the Ad Hoc Group of Ministers of Industry, is to provide some insights into the nature and progress of industrial development in developing Asia and the Pacific[1/] in the recent past. It thus contitutes a follow-up to the paper "Survey of Industrial Development in Developing Asia and the Pacific: Achievements and Prospects"[2/] prepared by the UNIDO secretariat for the Ad Hoc Group of Ministers of Industry and presented at their meeting 30-31 January 1979.

The UNIDO data base has served as the major source for the statistical information used in the preparation of this paper. The analysis is to a large extent based upon findings of the forthcoming biennial issue of the UNIDO Industrial Development Survey, World Industry in 1980.

Summary

The paper is divided into four chapters including the introductory chapter. Chapter II examines the development of the manufacturing sector as a whole in respect of the developing countries of the ESCAP region. It is noted that these countries' share in world industrial production has slowly but steadily increased during the 1970s from about 2.1 per cent to about 3 per cent. Furthermore, in contrast to the situation in respect of all developing countries as a whole, the average annual rates of growth of MVA for the developing ESCAP region countries were significantly higher during the period 1970-77 than during the 1960s, namely 8.7 per cent against 7.5 per cent.

1/ The discussion in the paper is confined to the developing countries of the ESCAP region.

2/ Printed in Small Industry Bulletin for Asia and the Pacific, No. 16, (United Nations publication, Sales No. E/F.80.II.F4), pp. 146-165.

It is also shown that, for the developing ESCAP region as a whole, the industrial growth has been significantly faster than the total GDP growth; consequently there has been a continuous increase in the share of manufacturing in the GDP. It is noteworthy that the increase in manufacturing growth has not been accompanied by a commensurate increase in employment provided by the manufacturing sector.

In Chapter III the development in various branches of industry in the developing ESCAP region countries is examined on the basis of available branch data. The highest growth figures, among major branches, are registered for industrial chemicals, non-electrical and electrical machinery and transport equipment which all had an average annual growth trend of over 10 per cent during the period 1970-75. Also intermediate products such as iron and steel and non-ferrous metals had growth rates of 9-10 per cent or well above the growth rate for the manufacturing sector as a whole. The two largest industrial branches - textiles and food products industries - however, registered somewhat lower growth rates - close to 5 per cent - while the third large branch - petroleum refineries - had a negative growth of minus 3.6 per cent. It may, furthermore be noted that for the above-mentioned branches of capital goods - non-electrical machinery, electrical machinery and transport equipment - significant increases in the developing ESCAP region countries' share in total world production can be recorded.

The relative importance of various industry branches in the developing ESCAP region as a whole as well as in individual countries (measured as branch-MVA as percentage of total MVA) is also shown in the chapter.

In Chapter IV the development during the 1970s of manufactured exports from the developing ESCAP region countries is looked at in connexion with factors and trends influencing an expansion of such exports to the industrialized countries as well as increased intra-developing country trade in manufactures. It is noted that the share of manufacturing exports of the developing ESCAP region countries in total world manufactured exports has been increasing during the period 1970 to 1978 from 3.3 per cent to 5.9 per cent. At the mid 1970s 80 per cent of the developing ESCAP region's manufactured exports came from four countries, Hong Kong, the Republic of Korea, Singapore and India. In general, the increasing importance of textiles and garments exports for some countries in the region on the one hand and of exports of machinery, electrical and non-electrical, and transport equipment for many countries on the other hand is particularly worth noting.

Chapter II

DEVELOPMENT OF THE MANUFACTURING SECTOR

At the beginning of the present decennium the share of the developing countries in world industrial production is estimated to be slightly less than 11 per cent, having increased gradually throughout the 1970s from about 8.4 per cent in 1969. Similarly, the share of the developing ESCAP region countries in world industrial production has increased from about 2.1 per cent in 1969 to about 3 per cent in 1980 as shown in Table 1.[1/]

These increases in the developing countries' share of world manufacturing value added as well as that of the developing ESCAP region are, to a large extent, a consequence of the fact that during the seventies the rates of growth of manufacturing in the developing world were about twice as high as those registered for the developed market economies (Table 2). The annual rates of growth of MVA for the developing countries as a whole were, on the average, roughly the same, 7.2 per cent, during the 1960s as during the period 1970-77, as shown in Table 3. Interestingly, the average annual rates of growth for the developing ESCAP region countries were, however, significantly higher during the later period, 8.7 per cent against 7.5 per cent during the 1960s.

Further insight into the industrial growth process in developing Asia and the Pacific may be gained by examining the distribution of manufacturing production among individual countries. The dominance of a few countries in industrial production is illustrated in Table 4 which shows that, in 1977, three countries together had a share of close to 60 per cent of developing ESCAP region MVA. Together with another three countries, these six countries (India, Indonesia, Iran, Republic of Korea, Philippines, and Thailand) accounted for about 80 per cent of developing ESCAP region MVA.

1/ Figures exclude China. A note, extracted from the forthcoming issue of the UNDIO Industrial Development Survey, concerning the share of China in world manufacturing value added is included at the end of this chapter.

Table 1. Shares in world MVA, by country group (1960-1980)[a/]

Unit: % based on constant 1975 US dollars

Year	Developing ESCAP countries [b/]	All developing countries [c/]	Developed market economies	Centrally planned economies
1960	2.1	8.2	77.8	14.0
1961	2.0	8.4	76.9	14.7
1962	2.0	8.2	76.6	15.1
1963	2.1	8.1	76.5	15.4
1964	2.1	8.3	76.7	15.0
1965	2.1	8.2	76.2	15.6
1966	2.0	8.2	76.0	15.8
1967	2.1	8.2	74.9	16.9
1968	2.1	8.3	74.4	17.2
1969	2.1	8.4	73.8	17.8
1970	2.2	8.8	72.6	18.6
1971	2.3	9.1	71.4	19.4
1972	2.3	9.3	71.1	19.6
1973	2.4	9.4	71.0	19.6
1974	2.5	9.8	69.0	21.2
1975	2.7	10.3	66.7	23.0
1976	2.8	10.3	66.9	22.8
1977	2.9	10.4	66.6	23.0
1978[d/]	2.9	10.5	66.0	23.5
1979[d/]	3.0	10.7	65.9	23.4
1980[e/]	3.0	10.9	66.3	23.8

Source: UNIDO data base; information supplied by UN Office of Development Research and Policy Anaysis and estimates by UNIDO Secretariat. See A Statistical Review of the World Industrial Situation 1980, UNIDO/IS.214.

Note: The percentages shown here differ slightly from previous shares published by UNIDO because the United Nations has shifted the base year for all constant price data from 1970 to 1975. This is standard procedure, undertaken periodically to adjust for changes over time in the relative importance of the various components of economic activity within each country. The resulting changes shown here also reflect different rates of inflation in countries (which, in turn, alter the country's weight in calculation of the new base year values) and different consequences resulting from the devaluation of the United States dollar between 1970 and 1975, as well as statistical biases normally associated with any such adjustment. In comparison with previous values estimated in 1970 dollars, the new shares are slightly higher for developed market economies, slightly lower for centrally planned economies and marginally higher for developing countries. Figures exclude China. Other conceptual issues are referred to elsewhere. See World Industry Since 1960: Progress and Prospects (United Nations publication, Sales No. E.79.II.B.3, pp. 33-34). Totals may not add precisely because of rounding.

a/ The 'world' consists of 130 countries for which data are available.

b/ 15 countries (Afghanistan, Bangladesh, Burma, Fiji, Hong Kong, India, Indonesia, Iran, the Republic of Korea, Malaysia, Pakistan, the Philippines, Singapore, Sri Lanka and Thailand)

c/ 96 countries d/ Estimates e/ Preliminary

Table 2. Growth of MVA at constant 1975 US dollar, by country group (1960-80)
(percentage)

	Developing countries	Developed market economies	Centrally planned economies
1960-1970	7.2	6.2	9.6
1970-1980	6.7	3.3	7.3

Source: A Statistical Review of the World Industrial Situation 1980, UNIDO/IS.214.

Table 3. Growth rate of GDP and MVA, in developing countries (1960-1977)

Unit: % based on constant 1975 US dollar

Country group	1970-73c/	1974	1975	1976	1977	1960-70c/	1970-77c/
Developing ESCAP countries a/							
GDP	6.45	4.56	5.93	6.86	6.07	5.33	6.16
MVA	9.43	6.15	6.66	12.11	8.67	7.51	8.73
Developing world b/							
GDP	6.41	5.17	3.02	5.93	5.44	5.69	5.49
MVA	9.28	6.05	3.34	8.08	5.50	7.17	7.19

Source: UNDIO data base; information supplied by UN Office of Development Research and Policy Analysis.

a/ 15 developing countries listed in footnote "b/" for Table 1.

b/ 96 developing countries.

c/ Calculated using regression on time.

Table 4. GDP and MVA by individual ESCAP region developing countries - average annual growth rates (1960-77), value and share in total for ESCAP region developing countries (1977)

Country	Trend average annual growth rate (%)				Value (const. 1975 US $ million)		Share of total for ESCAP developing countries (included in the table) (%)	
	1960-70		1970-77		1977		1977	
	GDP	MVA	GDP	MVA	GDP	MVA	GDP	MVA
Afghanistan	2.00	6.22	4.33	2.03	1,993.5	225.8	0.64	0.43
Bangladesh	2.70	5.09	5.44	18.41	10,016.9	780.2	3.22	1.48
Burma	4.98	5.87	2.87	2.35	3,298.2	282.9	1.06	0.54
Fiji	4.48	3.90	4.98	2.37	737.3	113.5	0.24	0.22
Hong Kong	10.00	12.44	7.87	5.83	9,846.2	2,892.2	3.16	5.49
India	3.47	5.15	2.96	3.60	94,252.8	15,627.8	30.27	29.68
Indonesia	3.01	2.94	7.89	13.39	35,217.6	3,301.2	11.31	6.27
Iran	9.46	10.81	9.55	17.66	60,785.1	7,699.2	19.52	14.62
Korea, Rep. of	8.56	17.56	9.82	18.20	25,236.1	7,644.0	8.11	14.52
Malaysia	6.73	11.08	7.71	11.35	11,024.9	1,877.8	3.54	3.57
Pakistan	8.23	10.41	4.02	2.19	14,269.6	2,229.8	4.58	4.24
Philippines	5.30	6.25	6.68	7.12	18.226.3	4,504.9	5.85	8.56
Singapore	9.78	15.06	8.58	9.00	6,357.8	1,575.2	2.04	2.99
Sri Lanka	6.06	9.36	5.34	9.37	3,619.1	514.6	1.16	0.98
Thailand	7.89	10.81	7.32	11.63	16,466.1	3,383.3	5.29	6.43
Total					311,347.4	52,652.5	100.00	100.00

Source: UNIDO data base; information supplied by UN Office of Development Research and Policy Analysis.

The growth of manufacturing production in the countries of the developing ESCAP region reported for recent years[1/] presents a varied pattern; it being noteworthy that in most cases a marked recovery and acceleration of manufacturing activity seemed possible by the end of 1980 after the turbulent years of the later half of the 1970s.

The performance of manufacturing activity in India is reportedly expected to increase in 1980-81 by 4-5 per cent over the previous year when a decline by 1.4 per cent was recorded. Of other South Asian countries, Pakistan achieved a growth in manufacturing of over 8 per cent during 1979-80; the government is targeting 10.6 per cent growth in production for 1980/81. Bangladesh has a 10 per cent targeted growth rate for 1980/81, while the Sri Lanka Central Bank projects a 12 per cent growth in industrial production for that country in 1981, as compared to 9 per cent in 1980. Of the five ASEAN countries, Indonesia envisages a 15 per cent growth for 1981 and Malaysia and Singapore around 10 per cent, while forecasts for the Philippines and Thailand are somewhat lower. In the Republic of Korea economic planners expect industrial production to increase at least 10 per cent after a slight decline in 1980.

The relative role of industry as a 'dynamic instrument of growth' essential to rapid economic and social development[2/], is manifested in the case of most of the ESCAP region developing countries. As shown in Table 4 in the cases of Bangladesh, Indonesia, Iran, Republic of Korea, Malaysia, Singapore, Sri Lanka and Thailand, the average annual growth rates of MVA during 1970-77 were quite high, ranging from 18 to 9 per cent. and were distinctly higher than the growth rates of GDP during the same periods. The same relationship between GDP and MVA was true in other countries, such as India and the Philippines, where rates of growth were relatively modest.

The trend in the shares of manufacturing in GDP in respect of the individual ESCAP countries is shown in Table 5. The important role industry has played in the development process in several of the ESCAP region countries is evident from a comparison of the shares of MVA in GDP in 1960 and 1977. The

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1/ See, inter alia, Economic and Social Survey of Asia and the Pacific 1980, E/ESCAP/L.58.

2/ Lima Declaration and Plan of Action (para. 23).

Table 5. Share of MVA in total GDP in developing ESCAP region countries, 1960, 1970, 1975, 1977

	Share of MVA in GDP (%)			
	1960	1970	1975	1977
Afghanistan	7.86	13.07	11.35	11.33
Bangladesh	4.40	4.90	7.63	7.79
Burma	8.02	8.75	8.08	8.38
Fiji	19.81	17.71	16.50	15.30
Hong Kong	24.09	30.95	26.64	29.37
India	13.44	15.85	16.12	16.58
Indonesia	6.32	6.67	8.89	9.37
Iran	6.78	7.63	11.01	12.67
Korea, Republic of	8.70	18.34	26.92	30.29
Malaysia	10.17	14.05	15.49	17,03
Pakistan	13.85	17.51	15.72	15.63
Philippines	21.85	23.82	24.91	24.72
Singapore	15.13	23.20	23.85	24.78
Sri Lanka	8.73	11.55	14.96	14.22
Thailand	11.33	14.78	18.12	20.55

Source: UNIDO data base; information supplied by UN Office of Development Research and Policy Analysis, and by UN Statistical Office.

rapid growth of the share may be noted particularly for the Republic of Korea (8.7 per cent to 30.3 per cent), Hong Kong (24.1 per cent to 29.4 per cent), Singapore (15.1 per cent to 24.8 per cent), Thailand (11.3 per cent to 20.6 per cent) and Malaysia (10.2 per cent to 17.0 per cent).

One important aspect of industrialization concerns employment in the manufacturing sector. The expansion of manufacturing employment in the developing world during the 1960s was disappointingly small. While manufacturing output grew at an annual average rate of 7.2 per cent, the employment in this sector grow at a rate of only 3.2 per cent. Given the relatively high rates of population increase experienced by most developing countries, the employment growth rate did little more than absorb the annual increase in the existing industrial labour force. In the 1970s in many developing countries, among them several in the ESCAP region, industrial employment has expanded at substantially higher rates. In the forthcoming issue of the UNIDO Industrial Development Survey it is noted that in the case of developing countries with per capita income levels of over $400 (in 1978 prices), the industrial sector's share in total employment rose from 17 per cent in 1960 to 23 per cent in 1978. In the case of the individual developing ESCAP region countries in this category these relations between 1960 and 1978 were: Hong Kong from 52 per cent to 57 per cent, Singapore from 23 per cent to 38 per cent, Republic of Korea from 9 per cent to 37 per cent, the Philippines from 13 per cent to 16 per cent, Malaysia from 12 per cent to 16 per cent and Thailand from 4 per cent to 8 per cent.[1/]

For developing countries with per capita income levels below $400, however, the share of total employment in industry increased from 11 per cent in 1960 to only 13 per cent in 1978. These proportions are significantly below the corresponding figures for output - 17 per cent of GDP in 1960 and 24 per cent in 1978. Clearly in many of these countries the growth of industrial employment lagged considerably behind the growth of industrial output. Among the developing ESCAP region countries in this category may be mentioned Pakistan with the percentage of labour force in industry increasing from 18 per cent in 1960 to 19 per cent in 1978, Bangladesh with corresponding increases from 3 per cent to 11 per cent, and Indonesia from 8 per cent to 11 per cent. In the case of India the percentage of labour force in industry was 11 per cent both in 1960 and in 1978.[1/]

1/ Source: World Bank, World Development Report, 1980.

Trend annual rates regarding the industrial growth in output and employment for the period 1970-77 for selected ESCAP developing countries are presented in Table 6 below. These data confirm the analysis given above - that the growth in MVA generally exceeds growth in employment in industry.

Table 6. Growth of production and employment in manufacturing in main developing ESCAP region countries (1970-77)
(percentage per year - trend annual rates)

Country	MVA 1970-77 (%)	Employment 1970-77 (%)
Bangladesh	18.41	10.05
Hong Kong	5.83	5.26 a/
India	3.60	3.60
Indonesia	13.39	-3.63
Korea, Republic of	18.20	13.27
Pakistan	2.19	3.31 b/
Philippines	7.12	7.81
Singapore	9.00	7.54 a/
Sri Lanka	9.37	5.20 a/

Source: UNIDO data base; information supplied by UN Office of Development Research and Policy Analysis, and by UN Statistical Office.

a/ 1970-78.

b/ 1970-76.

Note: In view of widely differing national statistical practices regarding, in particular, employment statistics, utmost care should be taken in using the above informaion for comparisons between the two growth rates as well as between countries.

Share of China in World Manufacturing Value Added[1/]

In preparing estimates of China's share in world manufacturing value added, information published by the State Statistical Bureau of the People's Republic of China has been given priority, where possible. Nevertheless, the use of indicators such as gorss output in industry (which is defined to include mining, electricity and gas, as well as manufacturing), or the per cent change in national income, entailed certain untestable assumptions.

As a first step, the previous estimate for value added in manufacturing, 1976, in 1970 United States dollars,[2/] was re-based to 1975 prices. Extrapolations for the three late c years are derived exclusively from official data, but assume that the ratio of value added to gross output remains constant throughout the period.

To extrapolate China's manufacturing value added from 1976 to 1977, use was made of available information on the per cent change in national income[3/] between 1976 and 1977. Acceptance of this figure requires the additional assumptions that, for China, net factor income from abroad is negligible and that the per cent change in the manufacturing component of net material product is close to the average change for all economic sectors (including agriculture) during the year, the latter being quite problematic.

Regarding the basis for extrapolation after 1977, data on the value of gross output for industry (i.e. including mining, manufacturing, electricity and gas), at constant prices, are available from official sources.[4/] Although it was not possible to derive a separate series covering net manufacturing output only, quantity series for three commodities (coal, crude oil and electricity) that are important indicators of non-manufacturing activity were examined for their possible confounding effect. Table 7 shows that changes in the gross ouput series for industry fall in a range which is consistent with changes in the commodity series.

1/ Source: Industrial Development Survey, UNIDO, forthcoming issue.

2/ See UNIDO, World Industry Since 1960: Progress and Prospects, pp.364-365.

3/ China, State Statistical Bureau, Communique on Fulfilment of China's 1978 National Economic Plan, 27 June 1979, p.2.

4/ China, State Statistical Bureau, Communique....., Op.cit., and Main Indicators Development of the National Economy of the People's Republic of China, Beijing.

Table 7. Per cent change in industry gross output (mining, manufacturing, electricity and gas) compared with corresponding data for selected commodities

	Year	
	1978/1977	1979/1978
Gross output "Industry" (ISIC 2, 3, 4) in constant prices	13.5	8.5
Output: (quantity data)		
Coal	12.3	2.8
Crude oil	11.1	2.0
Electricity	14.9	9.9

Source: State Statistical Bureau of the People's Republic of China, Main Indicators, Development of the National Economy of the People's Republic of China, Beijing, 1979.

This would suggest that the inclusion of industries other than manufacturing does not significantly distort the use of the industry gross output series as an indicator of change in manufacturing output. The resultant world distribution of manufacturing value added, 1976 through 1979, is provided in Table 8.

Table 8. Estimated shares of economic groupings in world MVA, including China (percentage)

	1976	1977	1978	1979
Developing countries	9.6	9.7	9.8	9.9
Developed market economies	62.8	62.4	61.6	61.4
Centrally planned economies (excluding China)	21.4	21.6	21.9	21.8
China (new estimate)	6.1	6.3	6.8	7.0

Chapter III

DEVELOPMENT OF MANUFACTURING IN VARIOUS BRANCHES OF INDUSTRY

During the period 1970-1975, the developing ESCAP region [1/] achieved sustained production growth in most of the 28 branches (3-digit ISIC grours). The branches for which the region gained a substantial increase in its share in world [2/] branch MVA were wearing apparel, petroleum refineries, miscellaneous products of petroleum and coal, pottery, china and earthenware , and other manufactures. At the same time, the region's shares in four branches decreased. Among these, decreases in the shares for leather and fur products and footwear were substantial (Table 9).

In 1975, the region's total MVA accounted for 2.7 per cent of world total MVA. For certain branches, however, the region's shares were considerably larger than that of the total MVA. Among these, remarkable ones were: tobacco, petroleum refineries, pottery, china and earthenware, and textile. On the other hand, the region's shares for furniture and fixtures, non-electrical machinery, and professional and scientiiic equipment were less than one per cent in world branch MVA.

Structural changes and relative specialization in the maufacturing sector in the developing ESCAP region are shown respectively in Tables 10 and 11.

During the period 1970-1975, several branches achieved rapid growth and, consequently, their relative importance in the region's manufacturing sector increased substantially or slightly depending on their relative size of MVA in the commencing year (Table 10). Considerable growth was frequently observed in

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1/ The countries included are: Bangladesh, Burma, Dem. Kampuchea, Hong Kong, India, Indonesia, Iran, the Republic of Korea, Malaysia (West), Pakistan, the Philippines, Singapore, Sri Lanka and Thailand (14 countries).

2/ In the rest of this chapter, the 'world' refers to the country group consisting of the 82 countries for which the average of branch MVA data are relatively good, in order to keep the consistency in comparative discussions.

Table 9. Share of developing ESCAP countries[a/] in world[b/] MVA by branch, based on current US $ (1970, 1975)

(percentage)

Branch	ISIC Code	Developing ESCAP countries share in world MVA	
		1970	1975
Food products	311	2.59	3.14
Beverages	313	2.70	2.53
Tobacco	314	12.95	13.17
Textiles	321	6.63	6.27
Wearing apparel	322	2.99	4.03
Leather and fur products	323	3.87	2.75
Footwear	324	4.23	2.38
Wood and cork products	331	3.05	3.65
Furniture and fixtures	332	0.90	0.93
Paper	341	0.97	1.52
Printing and publishing	342	1.23	1.45
Industrial chemicals	351	1.14	1.76
Other chemicals	352	2.50	3.37
Petroleum refineries	353	10.99	12.83
Misc. products of petroleum and coal	354	2.91	4.09
Rubber products	355	2.99	3.32
Plastic products	356	2.01	2.01
Pottery, china and earthenware	361	4.50	9.90
Glass	362	1.58	1.31
Other non-metallic mineral products	369	1.91	1.95
Iron and steel	371	1.21	1.77
Non-ferrous metals	372	1.09	1.95
Metal products, excluding machinery	381	0.98	1.37
Non-electrical machinery	382	0.43[c/]	0.83[c/]
Electrical machinery	383	0.81	1.75
Transport equipment	384	0.71	1.24
Professional and scientific equipment photographic and optical goods	385	0.69[d/]	0.47[d/]
Other manufacturing industries	390	2.40	3.47

Source: UNIDO data base; information supplied by UN Statistical Office and estimates by UNIDO Secretariat.

a/ Bangladesh, Burma, Dem. Kampuchea, Hong Kong, India, Indonesia, Iran, Rep. of Korea, Malaysia (west), Pakistan, Philippines, Singapore, Sri Lanka and Thailand (14 countries)

b/ 82 countries

c/ Excluding Dem. Kampuchea.

d/ Excluding Iran.

Table 10. MVA by branch as percentage in total MVA for the developing ESCAP region countries,[a/] 1970 and 1975

(based on constant 1975 US dollars)

Branch	ISIC	1970 (%)	1975 (%)
Food products	311	12.45	12.30
Beverages	313	1.85	2.28
Tobacco	314	5.13	4.19
Textiles	321	12.34	12.72
Wearing apparel	322	4.17	5.04
Leather and fur products	323	0.31[b/]	0.53
Footwear	324	0.60[b/]	0.79
Wood and cork products	331	4.00	2.88
Furniture and fixtures	332	0.84	0.58
Paper	341	1.77	1.74
Printing and publishing	342	2.11	2.08
Industrial chemicals	351	2.57	3.77
Other chemicals	352	4.11	4.62
Petroleum refineries	353	17.27[b/]	11.19[b/]
Misc. products of petroleum and coal	354	0.55	0.72
Rubber products	355	1.62	1.80
Plastic products	356	0.96[b/]	1.19
Pottery, china and earthenware	361	1.33[b/]	2.12[b/]
Glass	362	0.53	0.48
Other non-metallic mineral products	369	2.59	2.55
Iron and steel	371	3.18[c/]	3.80
Non-ferrous metals	372	1.14	1.50
Metal products, excluding machinery	381	3.20	3.68
Non-electrical machinery	382	2.75	3.46
Electrical machinery	383	3.71	5.55
Transport equipment	384	3.32	4.73
Professional and scientific equipment photographic and optical goods	385	0.48[d/]	0.56
Other manufactures	390	5.30	2.43
Total manufacturing	300	100.00	100.00

Source: UNIDO data base; information supplied by UN Statistical Office and estimates by UNIDO Secretariat.

a/ Burma, Fiji, Hong Kong, India, Indonesia, Iran, the Republic of Korea, Malaysia (West), Pakistan, the Philippines, Singapore, Sri Lanka and Thailand.

b/ Excluding Thailand.

c/ Excluding Indonesia

d/ Excluding Iran.

the fields of industrial chemicals, other chemicals, engineering industries (machinery and equipment) and a few traditional industries (beverages, wearing apparel).

However, in 1975, the three largest branches in terms of MVA were still the two traditional industries, textile industry and food processing, and the industry of petroleum refineries - which was largely contributed by Iran and Indonesia - accounting respectively for 12.7 per cent, 12.3 per cent and 11.2 per cent of total regional MVA. Thus, these three branches produced more than one third of the region's total MVA.

In Table 11 the major producer countries of manufacturing products in the developing ESCAP region (by branch) are shown. It is worth noting that in the case of some branches the shares of smaller countries in the region's MVA exceed those of larger countries due to the relative production specialization in each country, which is indicated by the relative shares of the country in the regional branch MVA.

Table 12 indicates for 20 ESCAP developing countries the shares of major branches of industry in each country's manufacturing value added. While the table indicates that only a few countries such as Hong Kong, India, the Republic of Korea, Malaysia, the Philippines and Singapore have a diversified industrial structure represented by adequate shares from several branches of industry, in many other cases there is continued concentration on the traditional food, textiles, leather, tobacco and wood products branches. However, it is also to be noted that the shares of non-traditional sectors including engineering, metals, capital goods and chemicals have been increasing in most countries.

Table 11 Major producers of manufactured products in 1975 in developing ESCAP countries by branch

((): share in the region's total in percentage)

ISIC Code	Countries whose MVA accounted for more than 10 per cent of the region's total MVA in 1975, and % share in regional branch MVA.
311	India (21.6), Philippines (17.5), Iran (15.9), Thailand (10.3)
313	Rep. of Korea (36.2), Thailand (18.7), Philippines (12.6)
314	Rep. of Korea (23.6), Iran (13.7), Indonesia (11.8), Pakistan (10.3)
321	India (33.2), Rep. of Korea (17.7), Iran (14.3)
322	India (33.3), Hong Kong (3.2), Rep. of Korea (11.5), Iran (10.2)
323	Rep. of Korea (37.3), India (30.9)
324	India (42.7), Thailand (15.9), Indonesia (13.5), Iran (11.5)
331	India (40.5), Malaysia (west) (13.9), Rep. of Korea (11.5)
332	India (40.8), Thailand (12.2), Hong Kong (10.8)
341	India (37.7), Rep. of Korea (15.7), Philippines (14.0), Iran (12.4)
342	India (28.1), Rep. of Korea (13.1), Iran (12.3), Hong Kong (11.0)
351	India (37.6), Rep. of Korea (21.0), Iran (15.3)
352	India (39.2), Rep. of Korea (14.0), Philippines (13.2), Iran (12.5)
353	Iran (62.6), Indonesia (11.9)
354	Thailand (35.6), India (23.9), Rep. of Korea (19.2), Pakistan (13.2)
355	India (27.3), Malaysia (west) (19.8), Rep. of Korea (19.0), Iran (10.3)
356	Hong Kong (47.1), Philippines (13.6), India (12.5), Rep. of Korea (10.6)
361	Iran (78.9), India (15.4)
362	India (29.2), Rep. of Korea (27.4), Philippines (16.4)
369	India (35.0), Rep. of Korea (24.3)
371	India (56.9), Rep. of Korea (14.5)
372	Iran (54.6), India (21.2)
381	India (35.9), Iran (20.8), Hong Kong (12.7)
382	India (58.0)
383	India (29.4), Rep. of Korea (17.7), Iran (17.0), Hong Kong (11.8)
384	India (33.4), Iran (17.0), Rep. of Korea (11.7), Singapore (11.6)
385[a/]	Hong Kong (26.9), India (18.8), Rep. of Korea (18.6), Singapore (14.5)
390	India (62.3), Rep. of Korea (10.8), Hong Kong (10.6)

Source: Calculations based on UNIDO industrial statistics data compiled from UNSO data.

a/ Excluding Iran.

Table 12. Major branches (3-digit ISIC) in 29 countries in the latest year, with share in total MVA

(percentage)

Country	Year	5 major tranches with more than 5% share in total MVA
Bangladesh[a/]	1977	Textiles (20.1), tobacco (19.2), iron and steel (13.1), food products (12.2), other chemicals (9.1)
Burma	1976	Food products (24.1), non-ferrous metals (12.3), textiles (11.0), wood and cork products (9.7), tobacco (9.5)
Fiji	1977	Food products (55.0), beverages (7.5), other non-metallic mineral products (5.2), transport equipment (5.0)
Hong Kong	1977	Wearing apparel (26.4), textiles (15.5), electrical machinery (13.2), plastic products (8.8), metal products except machinery (7.2)
India[b/]	1978	Textiles (12.8), other manufactures (10.9), food products (9.6), iron and steel (7.6), non-electrical machinery (7.5)
Indonesia	1977	Food products (18.0), tobacco (15.3), textiles (12.4), industrial chemicals (7.2), other non-metallic mineral products (6.7)
Iran[c/]	1975	Petroleum refineries (35.1), food products (9.8), textiles (9.1), non-metallic mineral products (5.8)
Dem. Kampuchea[d/]	1975	Food products (24.3), textiles (11.0), tobacco (8.6), beverages (7.7), wearing apparel (7.4)
Korea, Rep. of	1978	Textiles (13.6), electrical machinery (11.1), food products (7.4), tobacco (5.8), beverages (5.8)
Laos[e/]	1975	Food products (24.3), textiles (11.1), tobacco (8.7), beverages (7.8), metal products except machinery (7.8)
Malaysia, West	1977	Food products (16.5), wood and cork products (14.8), electrical machinery (12.0), rubber products (11.2), textiles (6.2)
Sabah	1974	Wood and cork products (40.6), food products (11.4), metal products except machinery (6.9), beverages (6.8)
Sarawak[f/]	1974	Wood and cork products (49.4), petroleum refineries (19.0), food products (6.8), transport equipment (5.4)
Mongolia[g/]	1975	Food products (28.4), leather products (13.2), textiles (11.0), wearing apparel (9.3), other non-metallic mineral products (7.1)
Pakistan	1976	Food products (23.9), textiles (21.9), tobacco (13.7), industrial chemical (7.4)
Papua New Guinea	1977	Food products (40.8), transport equipment (12.3), wood and cork products (11.4), non-electrical machinery (11.1)
Philippines[h/]	1977	Food products (19.8), beverages (14.6), other chemicals (8.8), textiles (5.8), tobacco (5.4)
Singapore	1978	Electrical machinery (22.6), transport equipment (13.4), miscellaneous products of petroleum and coal (11.3), non-electrical machinery (7.2), petroleum refineries (7.0)
Sri Lanka	1975	Tobacco (23.8), food products (15.8), textiles (13.1), other non-metallic mineral products (6.1), other manufactures (12.0)
Thailand	1975	Food products (23.4), textiles (11.5), beverages (7.9), tobacco (7.7), transport equipment (6.9)

Source: UNIDO data base; information supplied by UN Statistical Office.

a/ ISIC 361 is excluded from total MVA.

b/ ISIC 342 and 356 are excluded from total MVA.

c/ ISIC 385 is excluded from total MVA.

d/ ISIC 382 is excluded from total MVA.

e/ ISIC 353, 354, 361, 371, 372, and 382, are excluded from total MVA.

f/ ISIC 314, and 324 are excluded from total MVA

g/ ISIC 341, 353, 354, 355, 356, 362, and 371 are excluded from total MVA.

h/ ISIC 353 is excluded from total MVA.

Chapter IV

MANUFACTURED EXPORT PERFORMANCE

Interest focuses on three aspects related to the manufactured export performance of the developing countries - namely, (i) the prospects for expanding their exports of manufactures to developed countries; (ii) the prospects for an expansion of trade in manufactures between the developing countries themselves and (iii) the prospects for developing countries to earn foreign exchange (by exporting) in order to pay for their imports of the necessary capital goods and other production inputs.

In analysing this matter in the forthcoming issue of the Industrial Development Survey the background of the policy environment is first of all brought to mind, namely that in the past, trade-related policies of developing countries have been marked by rather abrupt and drastic shifts in approach. Export pessimism was almost universal in the 1950s, leading policy-makers to put great emphasis on import substitution. Various factors - disenchantment with import substitution, international efforts to reduce impediments to trade, rapid growth in world demand and the success of a few developing countries, in Asia and elsewhere, brought about drastic changes in policy-makers' thinking. Recent studies have lent strong support to the hypothesis that the rapid growth of exports accelerates growth of an economy. The growth of exports spurs production when exporters demand additional primary or industrial inputs and when their domestic suppliers purchase manufactured inputs and machinery locally. Export successes can boost a country's income, encourage the rapid diffusion of technological advances and increase the availability of foreign exchange. In broad terms, a relatively open market may enable a developing country to find its areas of comparative advantage and to avoid high-cost, inefficient activities. Moreover, there are additional benefits more related to the micro level, such as possibilities for the individual firms to realize economies of scale or improve rates of capacity utilization through exports. An export-orientation may also bring about a successive up-grading of managerial, marketing and related functions as well as labour productivity when the firms are exposed to global competitive forces. Based on this type of reasoning, export-orientation is likely to be a prominent theme for the strategies in many developing countries in the medium-term, or longer. At the same time it should be borne in mind that, as is demonstrated in Table 13 below the main growth source of

Table 13. Growth sources of the manufacturing industry in twelve ESCAP region developing countries[a/]

Unit: % in incremental gross output

Country	Period	Domestic demand expansion	Export promotion	Import substitution
Fiji	1970-1975	86.6	1.8	11.6
Hong Kong[b/]	1970-1976	49.6	83.2	-32.8
India	1970-1975	97.8	6.5	-4.3
Indonesia	1970-1975	126.6	3.5	-30.0
Iran	1970-1974	106.6	2.2	-8.8
Korea, Rep. of	1970-1975	74.0	22.0	3.9
Malaysia	1970-1974	85.4	13.8	0.7
Pakistan	1970-1976	91.3	25.1	-16.4
Papua New Guinea	1970-1975	65.7	3.1	31.3
Philippines	1970-1974	92.5	3.7	3.8
Singapore	1970-1975	70.0	23.3	6.7
Sri Lanka	1970-1974	64.1	4.5	31.4

Source: UN Yearbook of International Trade Statistics, 1972-1973, 1977 Vol.I, and 1978 Vol.I; and UNIDO industrial statistical data compiled from UNSO data.

a/ For the method to estimate the three sources of growth, see H. Chenery, "Pattern of Industrial Growth" AER, September 1960, pp. 624-654. The following equation was introduced to estimate the three sources:

$$\Delta D = \left(\frac{D}{D+M}\right)_1 \Delta(D+M-X) + \left(\frac{D}{D+M}\right)_1 \Delta X + \left[\left(\frac{D}{D+M}\right)_2 - \left(\frac{D}{D+M}\right)_1\right](D+M)_2$$

Where D = gross output, M = imports, X = exports, Δ denotes a change in the related component and the subscripts 1 and 2 refer to the beginning and ending year. The first, second and third term on the right hand side of the equation represent the growth of domestic demand, export promotion and import substitution, respectively.

b/ Gross output data for 1970 is not available. Therefore, gross output in that year was estimated by applying the average of 1973 and 1976 for which data are available of MVA/gross output ratio, 35 per cent, to 1970 MVA, i.e., (1970 gross output) = (1970 MVA) ÷ 0.35.

manufacturing industry in developing ESCAP region (and indeed, in all developing regions) during the 1970s has been domestic demand expansion (including such demand brought about indirectly due to increased export activities).

The possibilities of success of an export-oriented policy is of course to a large extent dependent on the market prospects in the developed countries. In these countries, it is noted in the Industrial Development Survey, policy attitudes are quite diverse. New protectionist trends represent only part of the complex attitude towards trade-related policies in developed countries. The growth in international investment flows between developed countries has increased dramatically and has taken on a different pattern. New protectionism and differential costs in inputs (e.g. labour and energy) are two reasons for the investment patterns. Countries losing capital are working to stem the outflow in a variety of ways. Achieving a balance of payments surplus has become a major policy objective of developed countries which are export-oriented. Thus, the trade policy approaches of developed countries will likely continue to be complex, often stressing protectionist measures for contracting industries while according high priority to the growth of exports. These policies, in conjection with those followed by developing countries, are some of the major considerations for an evaluation of the latter's export prospects in the 1980s.

However, in an environment characterized by fairly liberal trade policies and a degree of structural flexibility, shifts in comparative advantages should lead to vigorous growth of exports of a wide range of manufactures from the developing countries. From the viewpoint of developing countries, the outlook for expansion of their exports of manufactures will strongly influence their growth expectations for the coming decade. Because developed countries are the main market for exports of manufactures from developing countries,[1/] their trade and industrial policies are of crucial importance here.

The second aspect raised above concerns expansion of trade in manufactures between developing countries. Such "intra-developing country

1/ In 1978, about 70 per cent of developing ESCAP countries' exports of manufactures went to developed market economies (Table 14).

trade" in manufactures has grown rapidly during the 1970s although it continues to constitute only a small portion of the developing countries' total trade, and also a minor portion of their total "intra-developing country trade".

"Intra-developing country trade" in manufactures is to an increasing extent serving as a supplement and even an alternative to these countries' traditional dependence on buyers in developed countries. The enormous potential market for industrial products represented by the unsatisfied requirements of developing countries has been increasingly recognized. Indeed, in the case of the developing ESCAP region countries' manufactured exports, a slightly higher average annual growth rate during the period 1970-77 was registered for exports destined to other developing countries as a group than to the developed countries as a group. It is also worth noting that about 30 per cent of the total developing ESCAP country exports in manufactures in destined to other developing countries within and outside the region (Table 14).

In Table 15 the exports of manufactures as percentage of total commodity exports for 18 ESCAP region developing countries, for 1970, 1975 and the latest year for which statistics are available, as well as the manufactured exports in absolute figures in respect of latest year, are shown.

In Table 16 the manufactured exports of the developing ESCAP region countries are shown as constituting a continuously increasing share of world manufactured exports in the period 1970 to 1978. The share of all developing countries' manufactured exports of world manufactured exports is also given. The dominance in total developing country manufactured exports of those from the ESCAP region developing countries is noticeable.

In 1975 the total of the developing ESCAP region manufactured exports (SITC 5-8) amounted to US $17.760 million (f.o.b.) at current prices, 80 per cent of which were exported by four countries, Hong Kong (31.6 per cent), the Republic of Korea (23.3 per cent), Singapore (12.7 per cent) and India (12.2

Table 14. Developing ESCAP region's[a/] total manufactured exports (SITC 5-8) (1970, 1975 - 1978) and their growth (1970-78), by destination

Destination	Total manufactured exports (current US $ millions, f.o.b.)					Nominal trend average annual growth rate (%)
	1970	1975	1976	1977	1978	1970-78
World	6,714	21,927	31,601	37,221	48,142	28.42
Developed market economies	4,498	14,711	22,241	25,287	33,073	28.38
Japan	502	1,928	2,877	2,948	4,307	31.15
United States	2,321	6,096	9,661	11,877	15,538	26.00
Europe	1,273	5,225	7,560	8,358	10,667	31.84
Centrally planned economies	20[illegible]	529	596	696	608	13.21
Asia	8	49	97	164	166	52.58
Europe	257	480	498	531	441	9.22
Developing countries	1,945	6,661	8,666	11,211	14,552	29.95
Africa	332	881	1,086	1,402	1,611	25.50
America	112	306	448	721	1,060	31.86
West Asia	201	1,234	2,108	2,985	3,425	50.78
Developing ESCAP region[a/]	1,260	4,159	6,007	6,007	8,342	26.23

Source: UNIDO, based on UN Monthly Bulletin of Statistics

a/ Afghanistan, Bangladesh, Brunei, Burma, Dem. Kampuchea, Hong Kong, India, Indonesia, the Republic of Korea, Lao People's Democratic Republic, Macau, Malaysia, Pakistan, the Philippines, Singapore, Sri Lanka, Thailand and Viet Nam.

Table 15. Manufactured exports (SITC 5-8): share in total commodity exports (1970, 1975, latest year) and values for the latest years, by country

Country	Share in total commodity exports (%)			Value in the latest year (US $ million)
	1970	1975	latest year ( )	
Afghanistan	10.9	29.8	29.8 (1975)	66.7
Bangladesh	...	67.7	62.7 (1978)	300.4
Burma	4.1	5.9	5.9 (1975)	9.4
Fiji	8.2	6.7	8.2 (1977)	14.2
Hong Kong	93.0	93.4	92.7 (1978)	10,659.3
India	52.7	49.5	57.6 (1977)	3,449.1
Indonesia	0.8	2.4	3.5 (1977)	384.7
Iran	3.9	1.1	1.4 (1976)	206.4
Korea, Rep. of	77.4	81.6	88.6 (1978)	11,247.3
Laos	30.8	4.1	4.1 (1974)	0.5
Malaysia	27.3	30.4	30.7 (1978)	2,272.4
Pakistan	58.8	56.4	58.3 (1977)	684.2
Papua New Guinea	4.4	2.9	4.1 (1976)	18.5
Philippines	7.5	16.3	18.4 (1977)	576.9
Singapore	27.8	41.8	46.0 (1978)	4,660.3
Sri Lanka	1.4	3.6	5.7 (1977)	43.2
Thailand	16.4	20.3	24.0 (1977)	838.4
Western Samoa	...	4.8	4.8 (1975)	0.3

Source: UN Yearbook of International Trade Statistics, 1972-1973, 1978, Vol.I.

... = Data not available.

Table 16. Share in world manufactured exports (SITC 5-8 less 68)(1970-78)

(at current prices)
(percentage)

	Developing ESCAP region countries	All developing countries	Developed market economies	Centrally planned economies a/
1970	3.3	5.0	84.9	10.1
1971	3.5	5.2	85.0	9.7
1972	3.8	5.7	84.4	9.9
1973	4.6	6.7	83.9	9.5
1974	4.5	6.8	84.7	8.4
1975	5.2	6.3	84.4	9.3
1976	5.4	7.4	83.7	8.9
1977	5.5	7.7	83.4	8.9
1978	5.9	8.0	83.2	8.7

Source: A Statistical Review of the World Industrial Situation 1980, UNIDO/IS.214.

a/ Trade among the centrally planned economies of Asia is not included in the data.

per cent). As shown in Table 17 the export/output ratio for manufactures increased noticeably in Hong Kong, Singapore and the Republic of Korea during the first half of the 1970s.

In Table 18 the manufactured exports by commodity groups (SITC 5-8) are shown for ten developing ESCAP region countries in current US $ (f.o.b.). The increasing importance of textiles, garments and electrical machinery in many countries is particularly noteworthy. In the case of textiles and garments the prevailing quota arrangements and conditions for exporting to the developed market economies under the terms of the Multi-Fibre Agreement (MFA) play a crucial role for the future prospects of the exports in these products. As noted in the Economic and Social Survey of Asia and the Pacific 1980[1/] the leading garments exporters in the region, Hong Kong, in particular, and the Republic of Korea, have accepted the necessity progressively to abandon low-skill-content garments and relatively labour-intensive textiles to developing countries with lower wages, while moving into more skill- and capital-intensive lines.

The UNIDO Industrial Development Survey, in analysing the performance of several of the more advanced developing countries, some of them in Asia, notes that such an adjustment seems to be taking place as their comparative advantages begin to shift away from labour-intensive goods towards industries which utilize considerably more capital per man. This trend results from a rising real wage, capital accumulation, the development of a more skilled labour force and, consequently, a shift in comparative advantage away from industries where exports were initially most profitable into others whose production requirements are more compatible with the new internal circumstances. Thus, to the extent that comparative advantages in relatively advanced developing countries, like Brazil, Mexico, the Republic of Korea and Singapore, shift, they increase the size of the world market for any newcomers by adding their own demand and by reducing their exports of labour-intensive products. This line of reasoning suggests that trade betwen developing countries should continue to grow rapidly since a growing portion of the market for labour-intensive exports will be that of developing countries.

1/ E/ESCAP/L.58.

Table 17. Export/gross output ratio for manufactures (1970 and mid-1970s), by country

(percentage)

Country	Export/gross output ratio[a/] 1970	mid-1970s	(year)
Afghanistan	...	22.9	(1974)
Bangladesh	...	18.5	(1975)
Burma	...	0.6	(1975)
Fiji	6.9	4.5	(1975)
Hong Kong	44.9[b/]	78.8	(1975)
India	3.5	6.5	(1975)
Indonesia	1.8	4.6	(1975)
Iran	4.3	3.9	(1974)
Korea, Republic of	15.1	24.6	(1975)
Malaysia	33.9	25.8	(1974)
Pakistan	17.1	20.8	(1976)
Papua New Guinea	3.8	6.6	(1975)
Philippines	3.1	4.3	(1974)
Singapore	28.6	40.5	(1975)
Sri Lanka	1.5	4.2	(1974)
Thailand	6.8	...	

Source: UNIDO industrial statistics data compiled from UNSO data, and UN yearbook of International Trade Statistics 1972-73, 1977, Vol.I and 1978, Vol.I.

a/ $\left\{\text{exports (SITC 5-8)}\right\} / \left\{\text{gross output (SITC 3)}\right\} \times 100$ based on current US dollar.

b/ Gross output data for 1970 is not available. Gross output in that year was estimated by applying the average of 1973 and 1976 for which data are available of MVA/gross output ratio, 35 per cent, to 1970 MVA, i.e. (1970 gross output). (1970 MVA) = 0.35.

... = Data not available.

Table 18. Manufactured exports in 1970 and the latest years, by country and by commodity group

(current US $'000, f.o.b.)

SITC	Commodity group	Hong Kong 1970	Hong Kong 1978	India 1970	India 1977	Indonesia 1970	Indonesia 1977	Iran 1970	Iran 1976	Korea, Rep. of 1970	Korea, Rep. of 1978
5	Chemicals	100,210	410,795	47,088	146,495	5,406	60,299	13,789	48,013	11,413	340,708
61	Leather, dressed fur, etc.	-	-	94,874	280,075			65,760[a/]	133,609	-	44,998
62	Rubber manufactures, n.e.s.	-	-	3,903	26,530					3,704	226,470
63	Wood, cork manufactures, n.e.s.	-	-	-	-	2,865	291168	65,760[a/]	133,609[a/]	93,484	457,426
64	Paper, paper board and mfr.	7,428	45,970	7,071	-					419	99,585
65	Textile yarn, fabric, etc.	274,965	997,552	460,787	882,086					84,943	1,533,403
66	Non-metal mineral mfs. n.e.s.	132,144	465,690	61,414	530,205					6,509	278,613
67	Iron and steel	11,608	-	131,825	373,151					13,392	576,792
69	Metal manufactures, n.e.s.	60,684	284,128	32,879	181,710					12,167	524,554
71	Non-electrical machinery	38,191	491,241	37,599	153,878	3,584		-	-	8,388	208,604
72	Electrical machinery	230,817	1,228,914	22,243	102,678	-	59,641	-	-	43,874	1,252,237
73	Transport equipment	16,679	83,179	45,675	118,647	-		-	-	9,207	1,123,977
8 less 84	Misc. mfd goods except clothing	750,682	3,114,778	62,470	189,916	-	28,840	7,440	24,751	138,931	1,963,326
84	Clothing	698,852	3,421,484	36,381	340,661	-		9,455		213,566	2,574,708

SITC	Commodity group	Malaysia 1970	Malaysia 1977	Pakistan 1970	Pakistan 1977	Philippines 1970	Philippines 1977	Singapore 1970	Singapore 1978	Thailand 1970	Thailand 1977
5	Chemicals	19,654	35,293	5,615	12,969	5,373	52,033	42,359	383,785	2,612	17,319
61	Leather, dressed fur, etc.		-	31,720	56,968	-	-	-	-	511	-
62	Rubber manufactures, n.e.s.		21,032	-	-	-	-	6,169	-	-	-
63	Wood, cork manufactures, n.e.s.		125,470	-	-	43,162	90,366	18,323	154,944	1,845	41,504
64	Paper, paper board and mfr.	40,032[a/]	-	-	-	-	-	7,239	35,642	-	4,357
65	Textile yarn, fabric, etc.		58,817	320,256	457,194	5,434	33,847	53,714	267,331	8,704	171,212
66	Non-metal mineral mfs. n.e.s.		-	3,231	2,005	3,331	38,396	14,429	81,931	11,942	73,985
67	Iron and steel		-	-	-	11,561	5,850	12,785	176,512	1,921	4,752
69	Metal manufactures, n.e.s.		19,898	-	6,183	-	-	20,767	126,569	1,480	21,301
71	Non-electrical machinery	16,416	40,266	7,811	11,814	-	13,113	61,931	572,912		19,733
72	Electrical machinery	7,236	333,171	-	1,283	-	25,851	62,100	1,568,406	4,272	64,810
73	Transport equipment	13,813	33,452	20,485	13,907	-	144189	46,116	378,398		-
8 less 84	Misc. mfd goods except clothing	23,400	156,949	25,498	63,957	8,871	103,028	49,745	464,186	3,629	61,266
84	Clothing		64,710	5,294	53,949		113,711	30,941	296,355	933	93,091

Source: UN Yearbook of International Trade Statistics, various issues.

a/ Including SITC 68.

- = Magnitude nil or less than US $500.-

The third aspect referred to above concerns the need for capital goods inputs during the industrialization process. Production of a substantial part of capital goods will clearly continue to take place in developed countries; production processes using sophisticated technologies and substantial outlays of R and D are typical examples. During the 1980s capital equipment will account for a major portion of the essential imports of developing countries; most likely the demand for capital goods will accelerate in the next decade, particularly if the developing countries commit themselves to medium and long-term industrial development programmes. An increase in the developing countries' ability to pay for their capital goods requirements through the exports of manufactured goods can represent an important step towards objectives like the achievement of collective self-reliance and the Lima target.