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Working Paper No. 1 .

THE SHARE OF DEVELOPING COUNTRIES IN WORLD
VALUE ADDED IN THE MANUFACTURING SECTOR *

prepared by

the Secretariat of UNIDO

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The appendices are available in the Regional and Country Studies Section and will be communicated upon request.

Introduction

1. UNIDO has assembled data ^{a/} - expressed in a common currency the US \$, and referred to a common price base, 1970 - on the value added in the manufacturing sector of 87 developing countries and 35 developed countries. With the help of these data it is quite easy to calculate the share of developing countries in the total manufacturing production of the world. The sum of individual figures pertaining to the developing countries comprised in the sample is divided by the sum of individual figures of all countries in the sample; the quotient obtained is the share of developing countries.

2. The results of these exercise carried out for all the years in the period 1960 - 1975 are presented in table 1. There, it can be seen that after a period of stability - or, more exactly, a period of fluctuation around a stationary trend - spanned over the years 1960 to 1966, the share of developing countries entered a period of steady increase which brought it to 8.6 per cent of the world production in 1975.

3. The evolution of the share of developing countries is determined by the relative growth rates of the developed and the developing countries. The first section of this paper will examine the relation between the two growth rates, in an attempt to clarify the framework in which the better performance of developing countries was registered. The second section will then disaggregate the set of developing countries in several groupings in order to identify its relatively dynamic elements.

Section 1 - The relative growth rates of developed and developing countries

- 1.1. The basic data required for a comparison of developed and developing countries are presented in Table 2. (See also figures 1 and 2).

Both groups of countries are disaggregated in market economies and centrally planned economies. This distinction is made not only

^{a/} See Appendix for a description of the data and Appendix 2 for the country coverage.

IDS - NATIONAL ACCOUNTS

TABLE 1 - The Share of Developing Countries in the World Total of Value Added in the Manufacturing Sector (1960-1975)

| Years | Manufacturing value added in world (million US\$ in constant 1970 prices) | Manufacturing value added in developing countries (million US\$ in constant 1970 prices) | Share of developing countries (per cent) |
|-------|---|--|--|
| 1960 | 468172 | 32457 | 6.9 |
| 1961 | 491299 | 35216 | 7.2 |
| 1962 | 527795 | 37341 | 7.1 |
| 1963 | 565880 | 39212 | 6.9 |
| 1964 | 611754 | 42808 | 7.0 |
| 1965 | 657953 | 45304 | 6.9 |
| 1966 | 705727 | 48136 | 6.8 |
| 1967 | 734094 | 50367 | 6.9 |
| 1968 | 795196 | 55134 | 6.9 |
| 1969 | 856058 | 60398 | 7.1 |
| 1970 | 885806 | 65012 | 7.3 |
| 1971 | 921028 | 70046 | 7.6 |
| 1972 | 986002 | 76380 | 7.7 |
| 1973 | 1072172 | 84442 | 7.9 |
| 1974 | 1086198 | 88749 | 8.2 |
| 1975 | 1056673 | 91381 | 8.6 |

Source: UNIDO based on data communicated by UNSO.

Figure 1

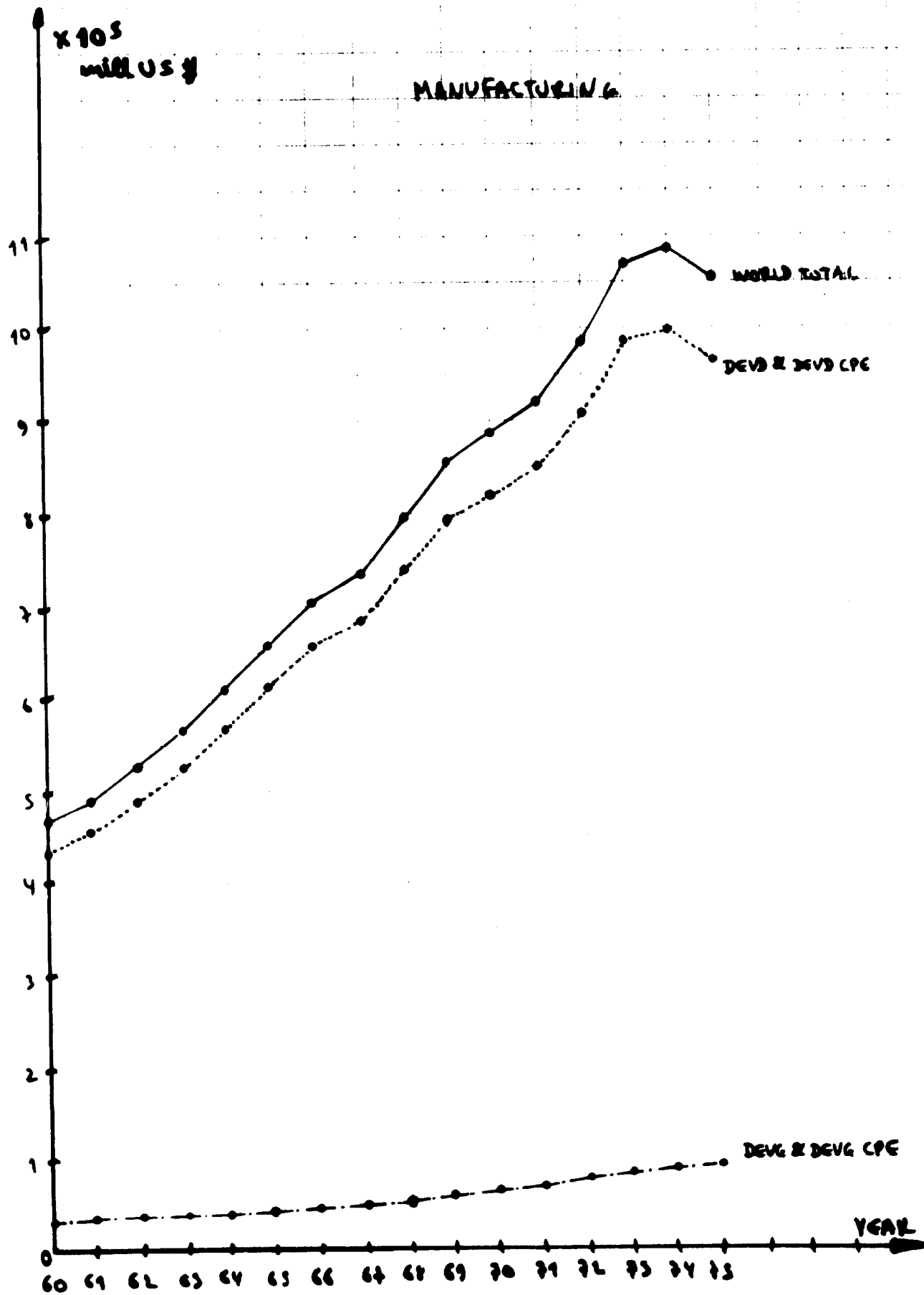
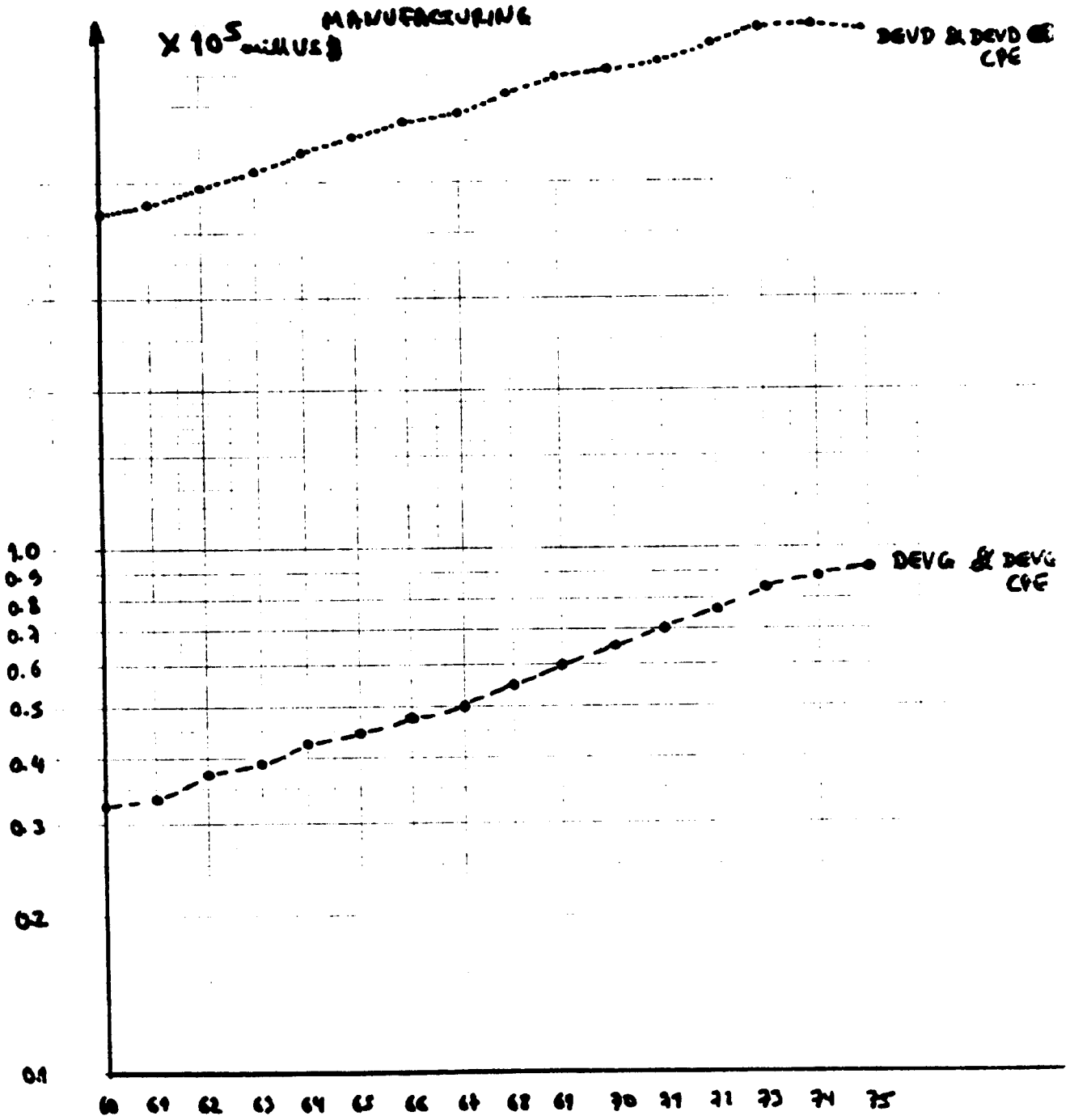


FIGURE 2



to account for the fundamental distinction between the core mechanisms regulating the allocation of resources but also because of the unequal quality of the data available for centrally planned and market economies.^{a/}

The wild fluctuations that can be observed in the manufacturing production of developing centrally planned economies are most probably due to the political turmoils underwent by the two countries (Laos and Khmer Republic) comprising this group. Due to this phenomenon and also to the little quantitative importance of the manufacturing activities of the component countries the developing centrally planned economies will be omitted from the subsequent analysis.

1.2. Turning to the remaining groupings the most straightforward comparison that can be made, is between the trend growth rates of the three time-series. An estimation of trends based on the assumption of constant growth rates gives the following results:

| Grouping | Growth rates 1960-1975 (per cent) | Standard error of estimate |
|--|---|-------------------------------|
| Developed market economies | 5.2 | 0.04 |
| Developed centrally planned economies | 8.6 | 0.01 |
| Developing market economies | 7.4 | 0.02 |

According to these trends the growth rates of developing countries exceeded that of developed market economies by 2.2 per cent but was inferior to the one of developed centrally planned economies by 1.2 per cent. Thus, if such trends were extrapolable one could say that, as long as the developed centrally planned economies would not be too important among the developed economies,^{b/} the developing countries might be expected to increase their share in world manufacturing.

1.3 Quite a part from the problem of extrapolation which will not be debated here, one may question the assumption of constant growth rates on which the straightforward comparisons of trends relies.

^{a/} See appendix 3 for a description of the data used for centrally planned economies.

^{b/} In 1975, the share of developed centrally planned economies in world manufacturing was 27.7 per cent and that of developed market economies 63.6 per cent. (See table 2 and figure 3).

IDS - NATIONAL ACCOUNTS - TABLE 2 - VALUE ADDED IN MANUFACTURING IN DEVELOPED AND DEVELOPING COUNTRIES
1960 - 1975

| YEARS | DEVELOPED COUNTRIES | | | | DEVELOPING COUNTRIES | | | |
|-------|-----------------------------|----------------------------------|-------------------------------|----------------------------------|-----------------------------|----------------------------------|-------------------------------|----------------------------------|
| | Market Economies | | (centrally Planned Economies) | | Market Economies | | (centrally Planned Economies) | |
| | Value added (mill. US\$) | Annual Increase (per cent) | Value added (mill. US\$) | Annual Increase (per cent) | Value added (mill. US\$) | Annual increase (per cent) | Value added (mill. US\$) | Annual Increase (per cent) |
| | | | | | | | | |
| 1960 | 351018 | ... | 84697 | ... | 32356 | ... | 101 | ... |
| 1961 | 363150 | 3.5 | 92931 | 9.7 | 35120 | 8.5 | 96 | -5.0 |
| 1962 | 389511 | 7.3 | 100942 | 8.6 | 37240 | 6.0 | 101 | 5.0 |
| 1963 | 416392 | 6.9 | 110276 | 9.2 | 39105 | 5.0 | 107 | 5.9 |
| 1964 | 450753 | 8.3 | 118193 | 7.9 | 42696 | 9.2 | 112 | 4.7 |
| 1965 | 483579 | 7.3 | 129070 | 8.5 | 45181 | 5.8 | 123 | 9.8 |
| 1966 | 517003 | 6.9 | 140589 | 8.9 | 48011 | 6.3 | 125 | 1.6 |
| 1967 | 529499 | 2.4 | 154228 | 9.7 | 50229 | 4.6 | 138 | 10.4 |
| 1968 | 570625 | 7.8 | 169437 | 9.9 | 54986 | 9.5 | 148 | 7.2 |
| 1969 | 610654 | 7.0 | 185006 | 9.2 | 60246 | 9.6 | 152 | 2.7 |
| 1970 | 620321 | 1.6 | 200473 | 8.4 | 64888 | 7.7 | 124 | -18.4 |
| 1971 | 635869 | 2.5 | 215113 | 7.3 | 69937 | 7.8 | 109 | -12.1 |
| 1972 | 679068 | 6.8 | 230555 | 7.2 | 76308 | 9.1 | 72 | -33.9 |
| 1973 | 737843 | 8.7 | 249887 | 8.4 | 84364 | 10.1 | 78 | 8.3 |
| 1974 | 726615 | -1.5 | 270834 | 8.4 | 88680 | 5.1 | 69 | -11.5 |
| 1975 | 672572 | -7.4 | 292720 | 8.1 | 91302 | 3.0 | 79 | 14.5 |

Source: UNIDO based on data communicated by JNSO.

Indeed a glance at the figures in table 2 and at the standard error of estimate associated with the estimated trend lines shows that the idea of small fluctuations around a constant rate of increase is far from being warranted except in the case of developed centrally planned economies.

For developed market economies the period of observation includes three phases of rapid expansion - 1961 - 1966, 1967 - 1969 and 1971 - 1973 - alternating with recession years and one phase of depression where the manufacturing production decreases in absolute terms by 1.5 per cent in 1974 and by 7.4 per cent in 1975.

The manufacturing production in developing market economies is roughly submitted to a similar phasing ^{a/} but with fluctuations of smaller amplitude. In this respect it is especially remarkable that the depression years of 1974 and 1975 brought up a break of the expansion but not a contraction of the volumes produced. Many reasons may be invoked to explain the lesser sensitivity of market developing economies to cyclical fluctuations, one of which being the fact that these economies are less subject to the deceleration of derived demand simply because their capital goods sector is almost non-existent. One should not, however, disregard a possible statistical reason namely ^{that} to fill the large information gaps existing in developing countries the statisticians have to produce estimates. In doing so they might well have been inclined to erode the peaks.

1.4 On average during the course of 1960-1975 the annual rates of increase of developing market economies exceeded those of developed market economies by 2.6 per cent. But looking more in detail one can distinguish three stages in the relative evolution of the growth rates. A first one covering the years 1960-1966 is characterized by higher growth rates for developing countries during the recession years but lower growth rates during the expansion years. A second

^{a/} There is a correlation coefficient of 0.77 between the annual rates of variation of developing and developed market economies.

stage going from 1967 to 1973, saw a slow but steady increase of the share of developing countries due to higher growth rates both during the expansion and the recession years. A third phase is characterized by the fact that while in Europe, North America and Japan the manufacturing production declined, in the developing market economies as a whole it increased by 5.1 per cent in 1974 and by 3.0 per cent in 1975. The wide difference registered in the respective growth rates during this stage is the most important reason, speaking in terms of the arithmetics of growth rates, why the share of developing countries attained its historical peak of 8.6 per cent in the end of the observation period.

1.5 This increase of the share of developing countries was registered against the developed countries as a whole but not against each one of the components of this latter group of countries. As can be seen from Table 3 both the centrally planned economies and Japan ^{a/} have increased their share in world manufacturing and this in much larger proportion than the developing countries.

Actually this constation relativizes somewhat the performance of developing countries. The developing countries did well, especially in the period 1966-1975, but though coming from a lower level, they did not as well neither as the developed centrally planned economies nor as Japan. Such an evidence would seem to sound a warning against the mechanical conclusion that an increasing share is the sign of a genuine dynamism.

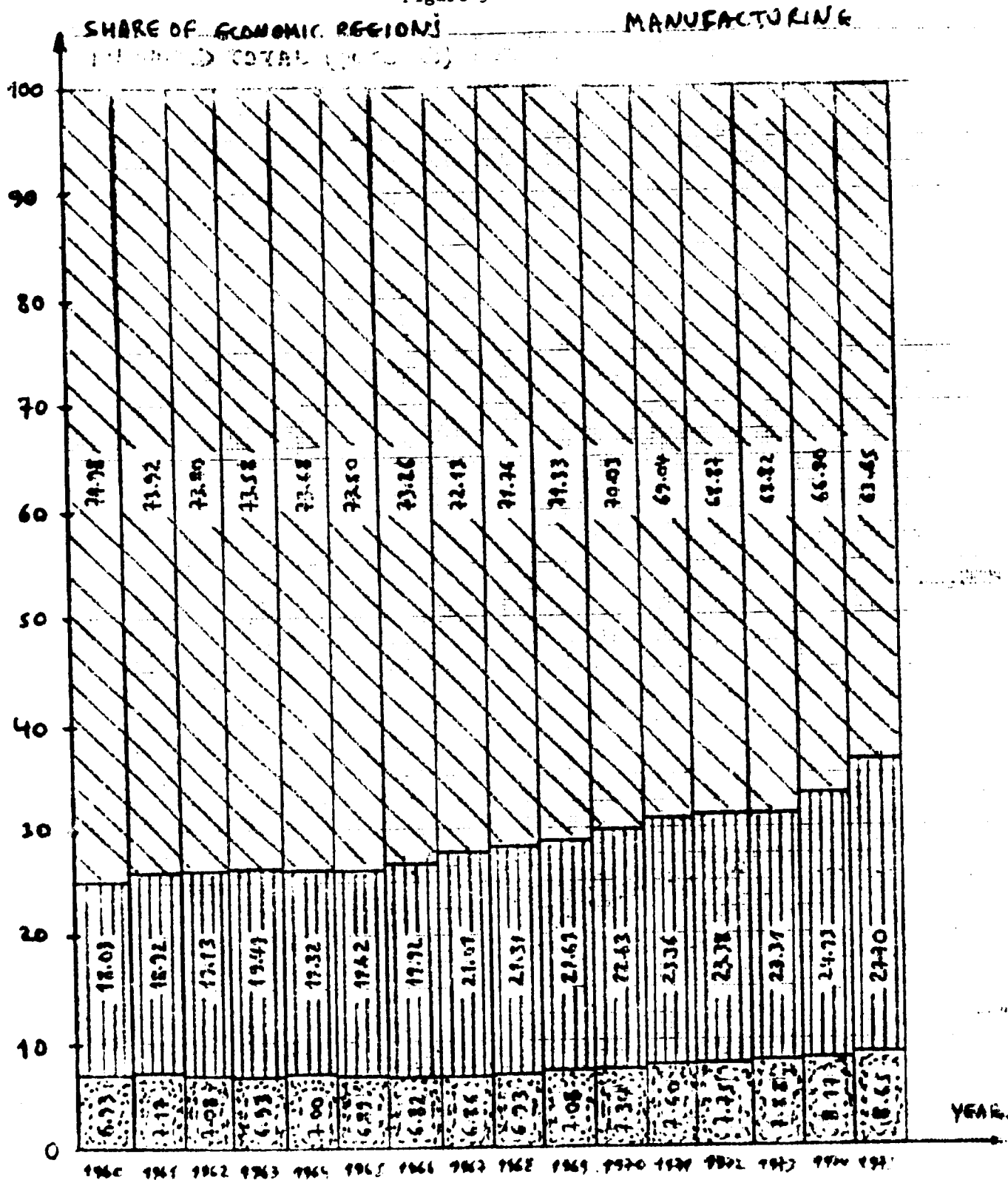
The dual face of the increase in the share of developing countries is the structural decrease in the share of North America and Europe. As can be seen from the following figure the manufacturing sector of the developing market economies increased much faster in relation to North America and Europe than in relation to the world:

^{a/} The share of Japan registered a cyclical drop in 1974-1975, but its trend is clearly on the increase.

IDS - NATIONAL ACCOUNTS - TABLE 3 - THE SHARE OF DEVELOPED REGIONS IN THE WORLD MANUFACTURING VALUE ADDED
1960 - 1975 (PERCENT)

| YEARS | D E V E L O P E D R E G I O N S | | | | Other Markets economies | centrally planned economies |
|-------|---------------------------------|---------------|-------|--|-------------------------|-----------------------------|
| | Europe | North America | Japan | | | |
| 1960 | 31.55 | 37.79 | 3.86 | | 1.78 | 18.09 |
| 1961 | 31.78 | 35.97 | 4.37 | | 1.80 | 18.92 |
| 1962 | 31.14 | 36.43 | 4.46 | | 1.77 | 19.13 |
| 1963 | 30.50 | 36.67 | 4.62 | | 1.79 | 19.49 |
| 1964 | 30.53 | 36.42 | 4.96 | | 1.78 | 19.32 |
| 1965 | 30.05 | 36.92 | 4.81 | | 1.72 | 19.62 |
| 1966 | 29.28 | 37.14 | 5.08 | | 1.76 | 19.92 |
| 1967 | 28.71 | 35.78 | 5.85 | | 1.79 | 21.01 |
| 1968 | 28.71 | 34.92 | 6.35 | | 1.78 | 21.31 |
| 1969 | 29.07 | 33.53 | 6.94 | | 1.79 | 21.61 |
| 1970 | 29.76 | 30.67 | 7.80 | | 1.80 | 22.63 |
| 1971 | 29.42 | 29.96 | 7.87 | | 1.79 | 23.36 |
| 1972 | 28.83 | 30.55 | 7.74 | | 1.75 | 23.38 |
| 1973 | 28.48 | 30.49 | 8.11 | | 1.73 | 23.31 |
| 1974 | 28.71 | 28.74 | 7.76 | | 1.68 | 24.93 |
| 1975 | 27.84 | 26.96 | 7.10 | | 1.75 | 27.70 |

Source: UNIDO based on data communicated by UNSO.



DEVELOPED COUNTRIES

CENTRALLY PLANNED ECONOMIES

DEVELOPING COUNTRIES

| <u>Years</u> | <u>Manufacturing Section of developing market economies in per cent of North America and Europe</u> |
|--------------|---|
| 1960 | 10.0 |
| 1961 | 10.6 |
| 1962 | 10.4 |
| 1963 | 10.3 |
| 1964 | 10.4 |
| 1965 | 10.3 |
| 1966 | 10.2 |
| 1967 | 10.6 |
| 1968 | 10.9 |
| 1969 | 11.2 |
| 1970 | 12.1 |
| 1971 | 12.8 |
| 1972 | 13.0 |
| 1973 | 13.3 |
| 1974 | 14.2 |
| 1975 | 15.8 |

The share of both North America and Europe in world manufacturing already decreased quite considerably and though this movement is likely to continue, its impact on the share of developing countries is bound to become smaller and smaller.

Section 2 - The relative growth rates of components of developing market economies

2.1 Regional groupings

Data on manufacturing value added available for developing market economies have been distributed in four regional groupings called Africa, Latin America and the Caribbean, East Asia and Pacific, West Asia. ^{a/} The annual share of these groupings and their annual increases of production are shown in table 4 (see also figure 4).

With slight differences this set of information confirms at the regional level what was found for the whole of developing countries. It can be seen that every region tends to increase its share in world manufacturing, that this movement was initiated around the middle sixties and that an acceleration took place in the three last years of the period of observation.

It also appears that Africa and Latin America are the most seriously affected by the 1974-1975 crisis whereas the two other regions remained relatively unaffected. The constant growth trends for the manufacturing production in the period 1960-1975 are the following:

| Regional groupings | Constant growth rates 1960-1975 | Standard error of estimates |
|--------------------|------------------------------------|--------------------------------|
| Africa | 7.3 | 0.03 |
| Latin America | 7.2 | 0.03 |
| East Asia | 7.5 | 0.02 |
| West Asia | 9.2 | 0.02 |

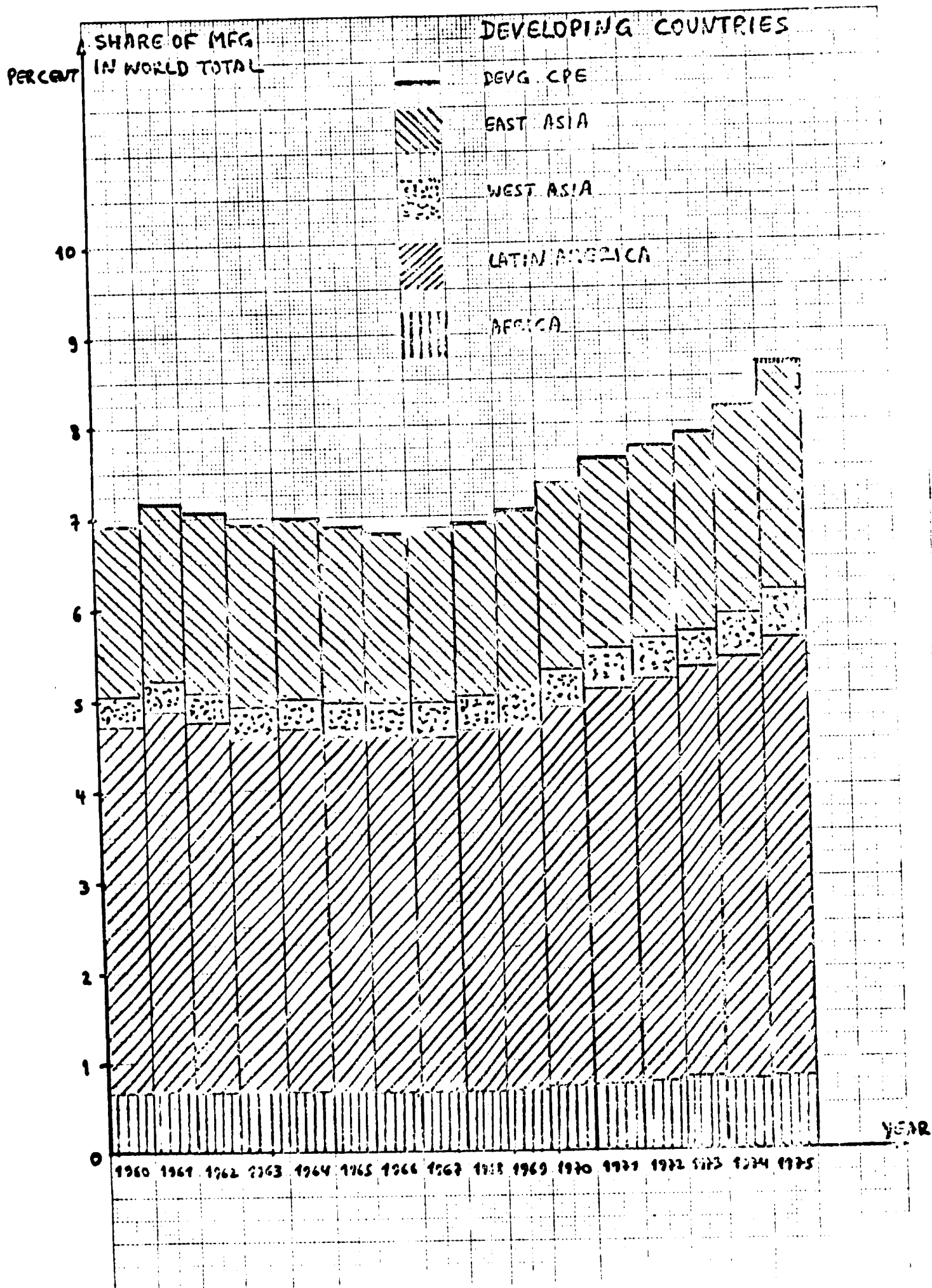
According to these indicators the fastest expanding share has been that of the West Asian region.

^{a/} For a list of countries assigned to each grouping see Appendix 2.

IDS - NATIONAL ACCOUNTS - TABLE 4 - SHARE IN WORLD AND ANNUAL RATES OF INCREASE OF THE MANUFACTURING VALUE ADDED OF MARKET DEVELOPING ECONOMIES GROUPED BY REGIONS, 1960 - 1975

| YEARS | Regional Groupings | | | | | | | |
|-------|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|-----------------------------------|
| | AFRICA | | LATIN AMERICA | | EAST ASIA | | WEST ASIA | |
| | Share (percent of world total) | Annual rate of increase (percent) | Share (percent of world total) | Annual rate of increase (percent) | Share (percent of world total) | Annual rate of increase (percent) | Share (percent of world total) | Annual rate of increase (percent) |
| 1960 | 0.7 | ... | 4.1 | ... | 1.9 | ... | 0.3 | ... |
| 1961 | 0.7 | 6.2 | 4.2 | 8.6 | 1.9 | 8.6 | 0.3 | 11.6 |
| 1962 | 0.7 | 7.0 | 4.1 | 4.4 | 2.0 | 9.4 | 0.3 | 5.5 |
| 1963 | 0.7 | 8.0 | 3.9 | 2.3 | 2.0 | 8.6 | 0.3 | 10.1 |
| 1964 | 0.7 | 6.1 | 4.0 | 11.1 | 2.0 | 6.8 | 0.3 | 7.1 |
| 1965 | 0.7 | 8.6 | 3.9 | 5.4 | 1.9 | 5.1 | 0.3 | 9.0 |
| 1966 | 0.7 | 6.2 | 3.9 | 7.1 | 1.9 | 3.6 | 0.4 | 11.3 |
| 1967 | 0.7 | 1.9 | 3.9 | 3.9 | 1.9 | 6.2 | 0.4 | 9.6 |
| 1968 | 0.7 | 9.2 | 4.0 | 10.0 | 1.9 | 8.6 | 0.4 | 11.0 |
| 1969 | 0.7 | 9.4 | 4.0 | 8.5 | 2.0 | 11.4 | 0.4 | 11.9 |
| 1970 | 0.7 | 9.2 | 4.2 | 8.3 | 2.0 | 6.8 | 0.4 | 3.7 |
| 1971 | 0.7 | 5.6 | 4.4 | 6.4 | 2.1 | 6.9 | 0.4 | 9.5 |
| 1972 | 0.7 | 11.1 | 4.4 | 9.1 | 2.1 | 8.4 | 0.4 | 9.6 |
| 1973 | 0.8 | 15.3 | 4.5 | 9.2 | 2.2 | 11.8 | 0.5 | 10.8 |
| 1974 | 0.8 | - 0.1 | 4.6 | 5.5 | 2.3 | 5.9 | 0.5 | 8.2 |
| 1975 | 0.8 | 0.1 | 4.8 | 1.1 | 2.5 | 6.6 | 0.5 | 8.0 |

Source: UNIDO, based on data communicated by UNSO.



2.2 Income groupings

Here the developing market economies are partitioned according to their level of GNP per capita (in current prices) of 1975 in the five following categories: ^{a/}

| Income groupings | Range of GNP per capita |
|--------------------------------------|-------------------------|
| Low income countries | Lower than 265 US \$ |
| Lower middle-income countries | 265 - 520 US\$ |
| Intermediate middle-income countries | 521-1075 US\$ |
| Upper middle income countries | 1076-2000 US\$ |
| High income countries | higher than 2000 US \$ |

Figures pertaining to these groupings are presented in tables 5 and 6 and illustrated in diagram 5.

This information reveals two new features. First, that the low income countries as a whole have not taken part in the expansion of the share of developing countries, on the contrary, their participation in world manufacturing seems to have decreased in the course of 1960-1975. Second, that it is mainly the group of intermediate middle income countries which is responsible for the increase in the share of developing countries that took place from the mid-sixties on. The latter feature is more clearly seen from the following data where the annual rates of increases of the early sixties are compared with those of the period 1966-1975:

^{a/} For a list of countries assigned to each income grouping, see appendix 2.

| Income groupings | Constant growth <u>a/</u> rates 1960-1975 | Mean of annual rates of Increase | |
|---|---|-------------------------------------|-----------|
| | | 1960-1966 | 1966-1975 |
| Low income countries | 5.2 (0.03) | 6.4 | 4.5 |
| Lower middle-income countries | 7.1 (0.03) | 6.9 | 6.6 |
| Intermediate middle-income countries | 8.6 (0.05) | 6.9 | 9.6 |
| Upper middle-income countries | 7.3 (0.03) | 6.9 | 6.7 |
| High income countries | 8.3 (0.04) | 8.3 | 7.2 |

a/ Standard error of estimate in brackets.

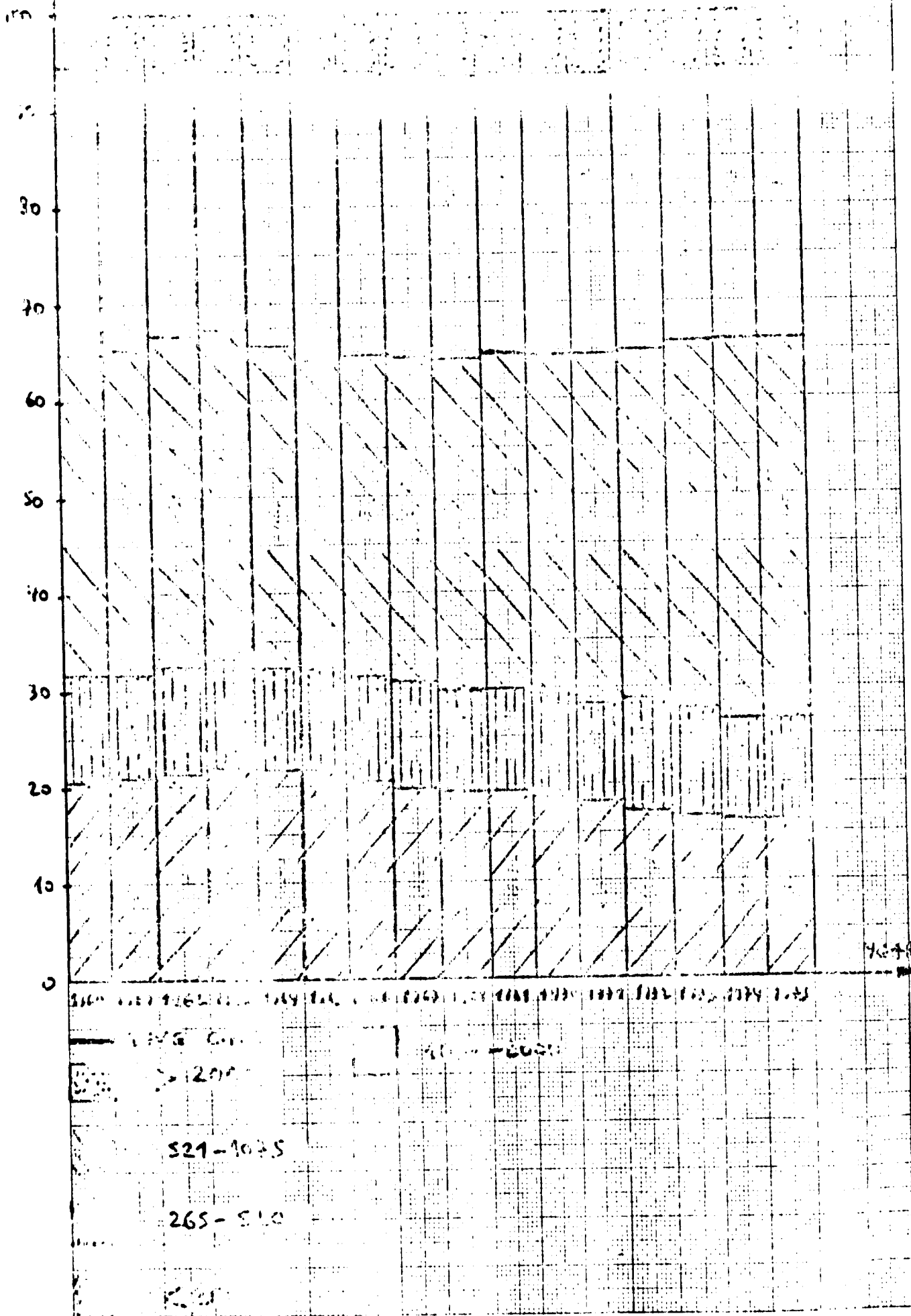
This view somewhat corrects the impression arrived at in the first section. Instead of being largely imputed to the sluggish expansion of North America and Europe, the increase of the share of developing countries should also be seen as stemming from a real dynamism emerged in the group of intermediate middle income countries since the mid-sixties.

IDS - NATIONAL ACCOUNTS - TABLE 6 - SHARE IN WORLD OF THE MANUFACTURING VALUE ADDED OF MARKET DEVELOPING ECONOMIES GROUPED BY LEVEL OF INCOME, 1960 - 1975 (PER CENT)

| Years | Lower income | Lower middle-income | intermediate middle-income | Upper middle-income | High income |
|-------|--------------|---------------------|----------------------------|---------------------|-------------|
| 1960 | 1.4 | 0.8 | 2.3 | 2.0 | 0.4 |
| 1961 | 1.5 | 0.8 | 2.4 | 2.1 | 0.4 |
| 1962 | 1.5 | 0.8 | 2.4 | 1.9 | 0.4 |
| 1963 | 1.5 | 0.8 | 2.3 | 1.9 | 0.4 |
| 1964 | 1.5 | 0.7 | 2.3 | 2.0 | 0.4 |
| 1965 | 1.4 | 0.8 | 2.2 | 2.0 | 0.4 |
| 1966 | 1.4 | 0.8 | 2.3 | 2.0 | 0.4 |
| 1967 | 1.3 | 0.8 | 2.3 | 2.0 | 0.4 |
| 1968 | 1.3 | 0.7 | 2.4 | 2.0 | 0.4 |
| 1969 | 1.4 | 0.7 | 2.4 | 2.1 | 0.4 |
| 1970 | 1.4 | 0.8 | 2.6 | 2.1 | 0.5 |
| 1971 | 1.3 | 0.8 | 2.7 | 2.2 | 0.5 |
| 1972 | 1.3 | 0.8 | 2.9 | 2.2 | 0.5 |
| 1973 | 1.3 | 0.9 | 3.0 | 2.2 | 0.5 |
| 1974 | 1.3 | 0.8 | 3.2 | 2.3 | 0.5 |
| 1975 | 1.4 | 0.9 | 3.4 | 2.4 | 0.5 |

Source: UNIDO based on data communicated by UNSO.

SHARE OF HOUSEHOLD IN DIFFERENT CATEGORIES ACCORDING TO INCOME LEVEL (in %)



IDS - NATIONAL ACCOUNTS - TABLE 5 - MANUFACTURING VALUE ADDED AND ANNUAL RATE OF INCREASES OF MARKET DEVELOPING COUNTRIES
 GROUPED BY INCOME LEVELS, 1960 - 1975

| YEARS | Manufacturing Value Added (million of US\$, 1970 prices) | | | | Annual Rates of Increase (percent) | | | | | |
|-------|---|---------------------|----------------------------|---------------------|---------------------------------------|------------|---------------------|----------------------------|---------------------|-------------|
| | Low income | Lower middle income | Intermediate middle income | Upper middle income | High income | Low Income | Lower Middle Income | Intermediate middle income | Upper middle income | High income |
| 1960 | 6689 | 3541 | 10832 | 9579 | 1715 | ... | ... | ... | ... | ... |
| 1961 | 7308 | 3794 | 11822 | 10319 | 1877 | 9.3 | 7.1 | 9.1 | 7.7 | 9.4 |
| 1962 | 7967 | 4134 | 12782 | 10308 | 2049 | 9.0 | 9.0 | 8.1 | 0.0 | 9.2 |
| 1963 | 8646 | 4457 | 13281 | 10501 | 2220 | 8.5 | 7.8 | 3.9 | 1.9 | 8.3 |
| 1964 | 9247 | 4602 | 14227 | 12169 | 2452 | 7.0 | 3.3 | 7.1 | 15.9 | 10.4 |
| 1965 | 9550 | 5003 | 14463 | 13504 | 2661 | 3.3 | 8.7 | 1.7 | 11.0 | 8.5 |
| 1966 | 9651 | 5289 | 16119 | 14181 | 2771 | 1.1 | 5.7 | 11.4 | 5.0 | 4.1 |
| 1967 | 9930 | 5506 | 16989 | 14789 | 3095 | 2.9 | 4.1 | 5.4 | 4.1 | 9.5 |
| 1968 | 10586 | 5877 | 19003 | 16092 | 3427 | 6.6 | 6.7 | 11.9 | 9.0 | 12.9 |
| 1969 | 11668 | 6408 | 20913 | 17610 | 3646 | 10.2 | 9.0 | 10.1 | 9.4 | 6.4 |
| 1970 | 12130 | 6958 | 22789 | 18970 | 4041 | 4.0 | 8.6 | 9.0 | 7.7 | 10.8 |
| 1971 | 12387 | 7481 | 25317 | 20367 | 4385 | 2.1 | 7.5 | 11.1 | 7.4 | 8.5 |
| 1972 | 13103 | 8163 | 28293 | 21928 | 4821 | 5.8 | 9.1 | 11.8 | 7.7 | 9.9 |
| 1973 | 13959 | 9285 | 32293 | 23662 | 5164 | 6.5 | 13.7 | 14.1 | 7.9 | 7.1 |
| 1974 | 14331 | 9281 | 34850 | 25054 | 5165 | 2.7 | 0.0 | 7.9 | 5.9 | 0.0 |
| 1975 | 14843 | 9456 | 35950 | 25760 | 5294 | 3.6 | 1.9 | 3.2 | 2.8 | 2.5 |

2.3 The least developed countries

Out of the 28 countries officially designed as least developed countries among the developing countries ^{a/}, data on manufacturing are available for only 20 countries. ^{b/}

The value added in manufacturing by these 20 countries taken as a whole grew at a rate of 6.9 per cent from 1960 to 1975, thus at a rate which occupies an intermediate position between the world and the developing countries.

The share of these countries therefore remained fairly constant throughout the period of observation (see table 7).

IDS - NATIONAL ACCOUNTS - TABLE 7 - VALUE ADDED IN MANUFACTURING OF 20 LEAST DEVELOPED COUNTRIES AND ITS SHARE IN WORLD MANUFACTURING 1960 - 1975

| YEAR | VALUE ADDED (million US \$ in 1970 prices) | SHARE IN WORLD MANUFACTURING (PERCENT) |
|------|--|---|
| 1960 | 529 | 0.1 |
| 1961 | 551 | 0.1 |
| 1962 | 596 | 0.1 |
| 1963 | 651 | 0.1 |
| 1964 | 690 | 0.1 |
| 1965 | 741 | 0.1 |
| 1966 | 842 | 0.1 |
| 1967 | 907 | 0.1 |
| 1968 | 965 | 0.1 |
| 1969 | 1046 | 0.1 |
| 1970 | 1104 | 0.1 |
| 1971 | 1141 | 0.1 |
| 1972 | 1256 | 0.1 |
| 1973 | 1292 | 0.1 |
| 1974 | 1288 | 0.1 |
| 1975 | 1311 | 0.1 |

Source: UNIDO based on data communicated by UNSO

^{a/} Afghanistan, Bangladesh, Benin, Botsawana, Bhutan, Burundi, Central African Empire, Chad, Democratic Yemen, Ethiopia, Gambia, Guinea, Haiti, Laos, Lesotho, Malawi, Maldives, Mali, Nepal, Niger, Rwanda, Somalia, Sudan, Tanzania, Uganda, Upper Volta, Western Samoa, Yemen Arab Republic.

^{b/} Countries for which data are lacking are: Bangladesh, Bhutan, Democratic Yemen, Lesotho, Maldives, Nepal, Western Samoa, Yemen Arab Republic.

2.4. Individual countries

Efforts to identify the origin of the increase in the share of developing countries cannot, of course, ignore the information available at the level of individual countries, it will therefore be attempted to determine which were the countries that distinguished themselves by contributing relatively much to this increase. Before initiating this exercise a word of caution should be said in relation to the use of individual countries data. The main purpose for which the data set used by UNIDO is intended is to provide a panoramic view embracing a larger number of countries. To fill this requirement the individual data have to undergo a certain number of operations which bring them to an internationally comparable form. In this process the data may lose part of their ability to correctly reflect the reality that they are supposed to represent. When dealing with a large number of countries problems of this nature are not too serious because the possible errors may be expected to cancel out to some extent. This safeguard disappears when the series are considered individually. Thus, in reading the following lines one should be more than ever prepared to give due substance to the figures presented.

In table 6 the trend growth rates of the manufacturing production of every developing country included in the sample are shown for the periods 1960 - 1975 and 1966 - 1975. During these periods the trend growth rates of the world manufacturing production were 6.1 percent and 5.2 per cent respectively. The countries are ranked by descending order of magnitude of their growth rate, it is thus easy to see which ones have exceeded the growth rate of the world and therefore contributed to the increase in the share of developing countries. (See also figures 6 and 7).

Out of 37 developing countries only 17 have had a growth rate inferior to the growth rate of the world during 1960 - 1975 and/or 1966-1975. Due to their industrial base, the presence of India and Chile among the group of relatively large countries is particularly remarkable.

IDS - NATIONAL ACCOUNTS - TABLE 8 - TREND GROWTH RATES OF DEVELOPING COUNTRIES DURING THE PERIODS 1960 - 1975 AND 1960 - 1975 (PERCENT)

| Country name | Growth rates 1960-1975 | Country name | Growth rates 1960-1975 |
|-------------------------|---------------------------|-------------------------|---------------------------|
| Swaziland | 18.85 | Korea, Rep. of | 18.84 |
| Korea Rep. of | 18.61 | Burundi | 18.45 |
| Rwanda | 18.15 | Swaziland | 18.40 |
| Somalia | 17.87 | Rwanda | 17.77 |
| Singapore | 17.61 | Gabon | 16.58 |
| Malawi | 17.36 | Singapore | 16.50 |
| Togo | 17.24 | Somalia | 15.79 |
| Iran | 17.44 | Libyan Arab Rep. | 15.75 |
| Zambia | 17.34 | Upper Volta | 15.67 |
| Ivory Coast | 17.30 | Iran | 14.94 |
| Ghana | 17.86 | Zaire | 13.94 |
| Hong Kong | 17.18 | Hong Kong | 13.19 |
| Thailand | 17.04 | Ivory Coast | 12.90 |
| Upper Volta | 16.68 | Indonesia | 12.53 |
| Libyan Arab Rep. | 16.60 | Jordan | 12.39 |
| Sri Lanka | 16.47 | Brazil | 11.25 |
| Jordan | 16.33 | Dominican Republic | 11.04 |
| Niger | 16.29 | Tunisia | 11.04 |
| Benin | 16.23 | Thailand | 10.78 |
| Malaysia | 16.23 | Botswana | 10.32 |
| Saudi Arabia | 16.08 | Malawi | 10.12 |
| Turkey | 15.06 | Southern Rhodesia | 10.12 |
| Zaire | 9.67 | Malaysia | 10.04 |
| Algeria | 9.54 | Liberia | 9.72 |
| Congo | 9.39 | Saudi Arabia | 9.45 |
| Burundi | 9.10 | Congo | 9.18 |
| Costa Rica | 9.06 | Turkey | 9.15 |
| United Rep. of Tanzania | 9.05 | Nigeria | 9.09 |
| Nicaragua | 9.04 | Niger | 9.05 |
| Madagascar | 9.01 | Iraq | 8.96 |
| Kenya | 8.77 | Kenya | 8.95 |
| Nigeria | 8.71 | Algeria | 8.61 |
| Mozambique | 8.49 | Costa Rica | 8.55 |
| Puerto Rico | 8.39 | Ecuador | 8.42 |
| Mexico | 8.36 | Sri Lanka | 8.38 |
| Brazil | 8.33 | Ecuador | 8.34 |
| Panama | 8.23 | Ghana | 7.82 |
| Southern Rhodesia | 8.17 | Zambia | 7.82 |
| Botswana | 8.13 | Syrian Arab. Republic | 7.63 |
| Mauritania | 8.13 | Colombia | 7.36 |
| Tunisia | 8.11 | Angola | 7.34 |
| Dominican Republic | 7.83 | Egypt | 7.22 |
| Ethiopia | 7.80 | Mexico | 7.19 |
| Sudan | 7.73 | Mauritania | 7.15 |
| Gabon | 7.71 | Chad | 7.00 |
| Liberia | 7.56 | Mauritius | 6.96 |
| Angola | 7.54 | Puerto Rico | 6.85 |
| Chad | 7.53 | Nicaragua | 6.84 |
| Cyprus | 7.51 | Philippines | 6.77 |
| Ecuador | 7.36 | United Rep. of Tanzania | 6.68 |
| Guatemala | 7.34 | Argentina | 6.57 |
| Indonesia | 7.26 | Peru | 6.54 |
| Mali | 7.24 | Guatemala | 6.24 |
| El Salvador | 7.08 | Paraguay | 6.19 |
| Peru | 7.04 | Venezuela | 6.12 |
| Venezuela | 6.59 | Morocco | 5.75 |
| Colombia | 6.52 | Bolivia | 5.57 |
| Syrian Arab Republic | 6.45 | Mozambique | 5.57 |
| Pakistan | 6.44 | Ethiopia | 5.46 |
| Bolivia | 6.43 | Panama | 5.46 |
| Philippines | 6.27 | Cyprus | 5.33 |
| Argentina | 6.16 | Benin | 5.28 |
| Afghanistan | 5.88 | Honduras | 5.27 |
| Iraq | 5.81 | Senegal | 5.08 |
| Central African Empire | 5.19 | United Rep. of Cameroon | 5.08 |
| Equatorial Guinea | 5.19 | Guinea | 5.03 |
| Jamaica | 5.16 | Haiti | 4.80 |
| United Rep. of Cameroon | 5.14 | El Salvador | 4.64 |
| Paraguay | 5.07 | Afghanistan | 4.75 |
| Egypt | 4.81 | Pakistan | 4.29 |
| Morocco | 4.67 | Madagascar | 4.44 |
| Honduras | 4.61 | India | 4.01 |
| Gambia | 4.60 | Central African Empire | 3.76 |
| Sierra Leone | 4.42 | Laos | 3.77 |
| India | 4.22 | Jamaica | 3.69 |
| Uganda | 4.21 | Sudan | 3.53 |
| Senegal | 3.92 | Mali | 3.06 |
| Guinea | 3.91 | Sierra Leone | 3.44 |
| Mauritius | 3.71 | Burma | 3.42 |
| Chile | 3.50 | Fiji | 2.96 |
| Burma | 3.29 | Uruguay | 1.61 |
| Fiji | 3.21 | Equatorial Guinea | 1.36 |
| Guyana | 2.68 | Togo | 1.31 |
| Haiti | 2.06 | Uganda | 1.35 |
| Uruguay | 1.41 | Gambia | 1.71 |
| Laos | 1.44 | Chile | 1.44 |
| Khmer Republic | 1.43 | Guyana | 1.44 |
| | | Khmer Republic | 1.43 |

Figure 6

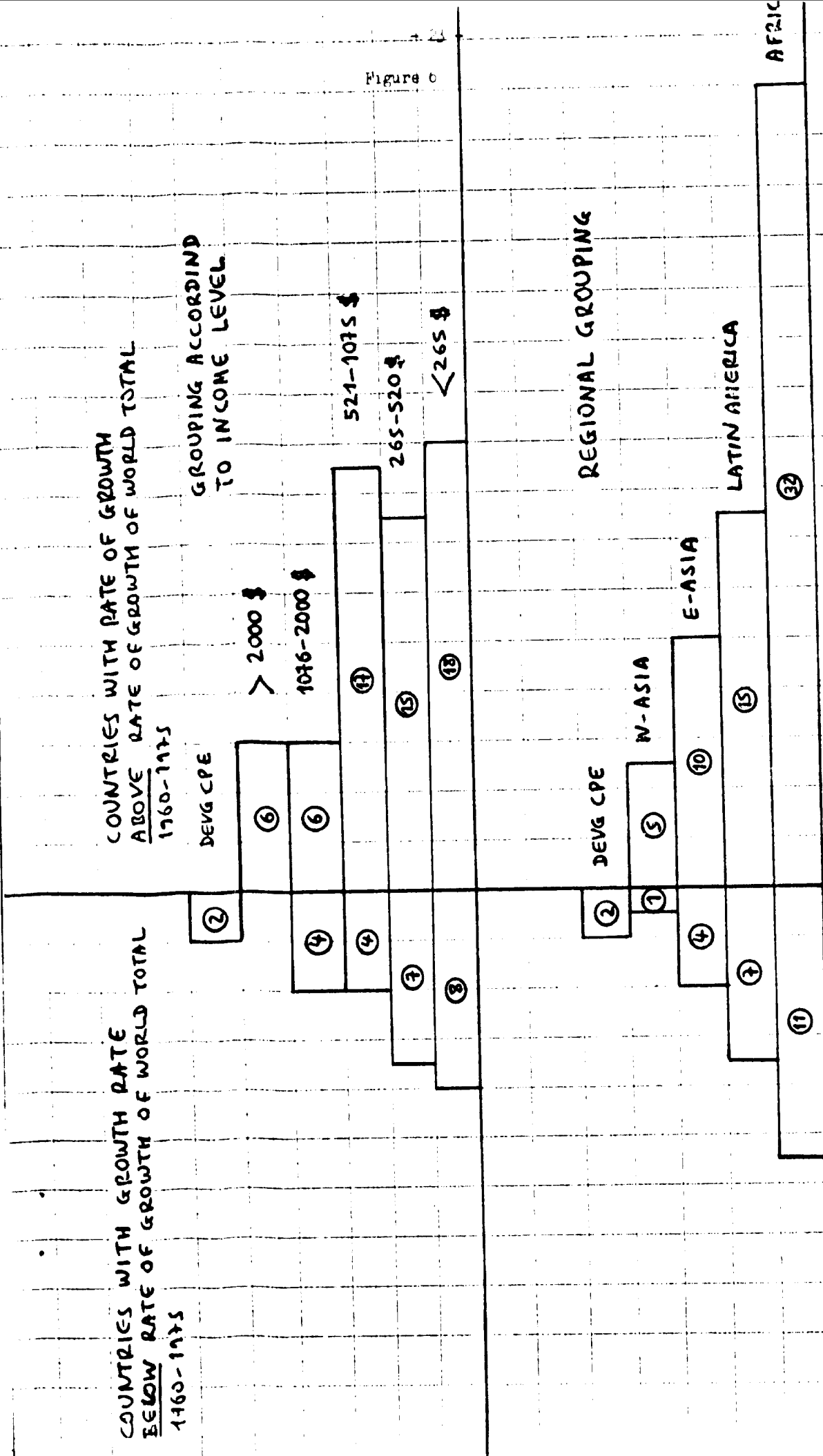


FIGURE IN ○ INDICATES NUMBER OF COUNTRIES

Figure 7

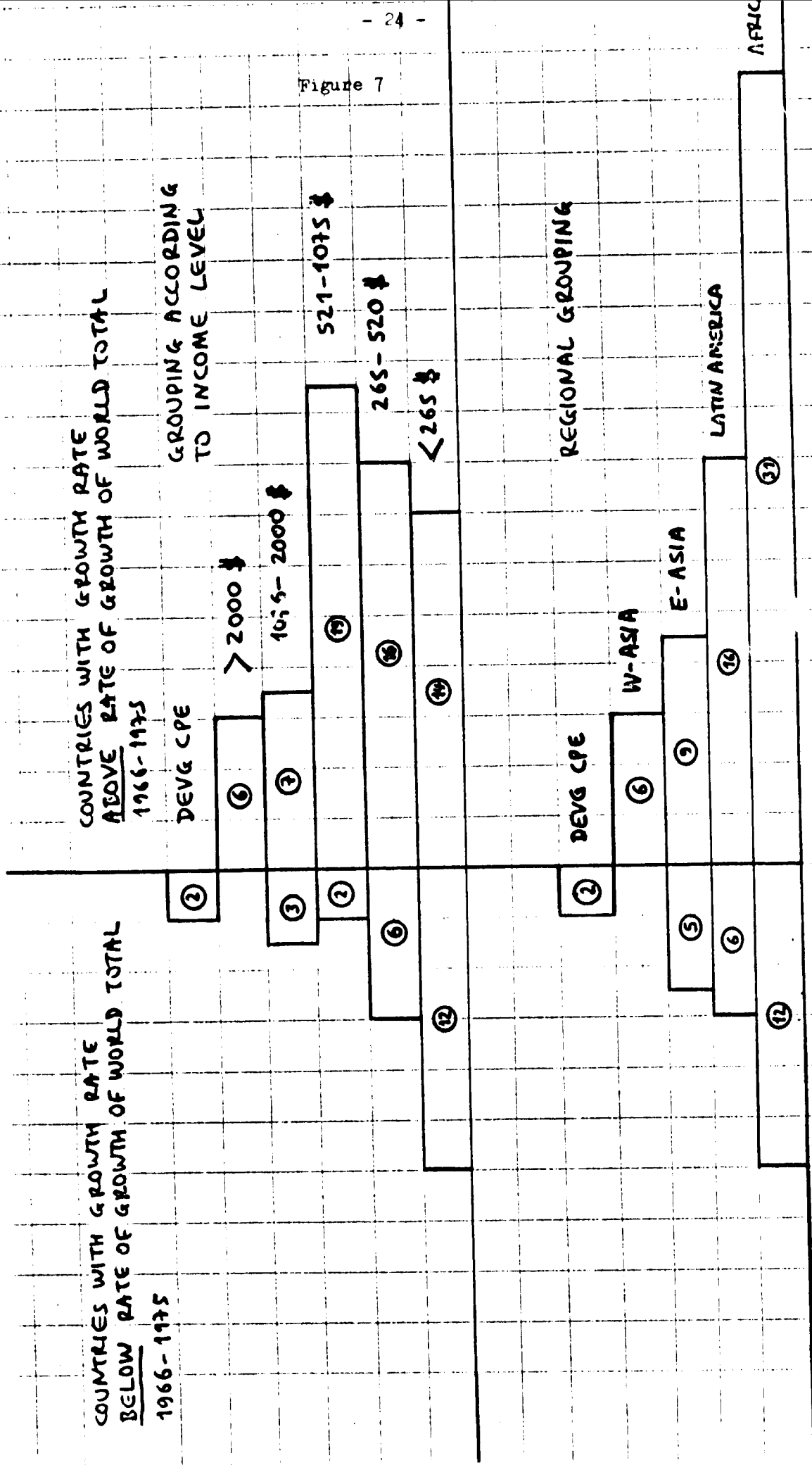


FIGURE IN ○ INDICATES NUMBER OF COUNTRIES

Another way to look at the contribution made to the increase of the share of developing countries is to measure it in value terms. This has been done with the help of a very simple method which will now be described.

The share of developing countries increased decisively between 1966 and 1975, the exercise will therefore be applied on the increase registered between these two years. From 1966 to 1975 the world manufacturing production was multiplied by a factor of 1.5. Thus, had the production of every developing country grown by 50 per cent, the 1975 share of developing countries would have been the same as in 1966. The hypothetical values of production corresponding to an increase of 50 per cent are calculated for every developing country. Now the actual figure of production registered for a given country in 1975 may be superior or inferior (or equal) to the hypothetical figures, the amount by which it is superior (inferior) is said to be the amount of the positive (negative) contribution of that country to the increase of the share of developing countries between 1966 and 1975.

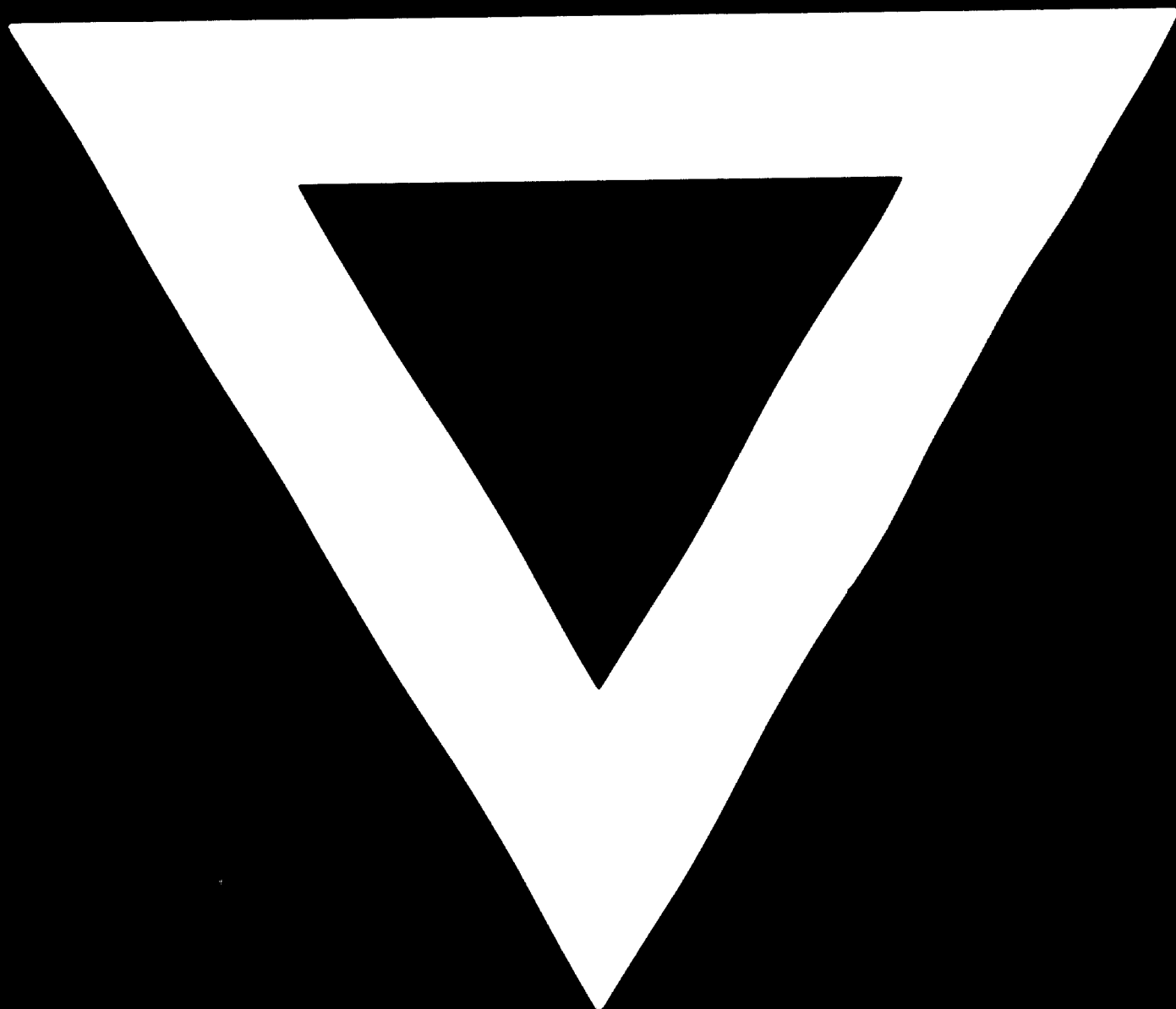
According to this exercise the 10 countries which have made the more important contribution are:

| Country name | Amount of contribution to the increase in the share of developing countries (million of US\$ in 1970 prices) | Percent of the contribution to total increase in the share of developing countries | Cumulative percentage |
|----------------|---|--|-----------------------|
| Brazil | 6642.5 | 34.2 | 34.2 |
| Korea, Rep. of | 3124.6 | 16.1 | 50.3 |
| Mexico | 1926.5 | 9.9 | 60.2 |
| Turkey | 1303.2 | 6.7 | 66.9 |
| Iran | 1003.2 | 5.2 | 72.1 |
| Argentina | 843.5 | 4.3 | 76.4 |
| HongKong | 773.8 | 4.0 | 80.4 |
| Indonesia | 767.8 | 4.0 | 84.4 |
| Thailand | 649.2 | 3.3 | 87.7 |
| Singapore | 377.1 | 2.0 | 89.7 |

Thus, about 90 per cent of all the increase in the share of developing countries between 1966 and 1975 was realized by only 10 countries.

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche

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