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World Manufacturing Production

Statistics for Quarter III, 2015

Statistics Unit

www.unido.org/statistics



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Report on world manufacturing production Quarter III, 2015

UNIDO Statistics presents this report on growth estimates based on the indices of industrial production for the third quarter of 2015. Reports on earlier quarters are available on UNIDO's website. Users are advised to take note that MVA refers to output net of intermediate consumption, whereas quarterly indices are based on gross output. Interested users can access methodological documents on the estimation procedure of annual growth rates and a compilation of quarterly indices on the statistical web pages of UNIDO's website.

UNIDO's quarterly reports on world manufacturing have been regularly published since the first quarter of 2011. Earlier reports included index figures for some countries that were not seasonally adjusted or for which no information was available where seasonal adjustments were made at the national level. Since 2013, growth figures based on seasonally adjusted index numbers have been published. The seasonal adjustment of index numbers is achieved using the TRAMO/SEATS method¹ in Demetra+ software. The purpose of seasonal adjustment is to filter out any fluctuations or calendar effects within time series shifts.

Data on index numbers are obtained from national statistical sources. The sample covers around 95.0 per cent of world MVA. In case of missing data, UNIDO performs imputations or projections where appropriate. UNIDO estimates are generally replaced as soon as the officially reported values become available in national statistical publications. This report presents estimates for the second quarter of 2015 as well as revised estimates for the first quarter of 2015. Growth rates are calculated from the national index numbers which are aggregated to the country groups or world regions using weights based on the country's contribution to world manufacturing value added. Details on the country groups are provided in the 2013 edition of the International Yearbook of Industrial Statistics. The country grouping is based on economic territories rather than on political boundaries. This report presents the growth figures for country groups by stage of industrial development and by geographic region.

¹ TRAMO stands for Time series Regression with ARIMA noise, Missing values and Outliers, and SEATS for Signal Extraction in ARIMA Time Series. ARIMA is the abbreviation of Autoregressive Integrated Moving Average, a widely applied statistical method for time series analysis.

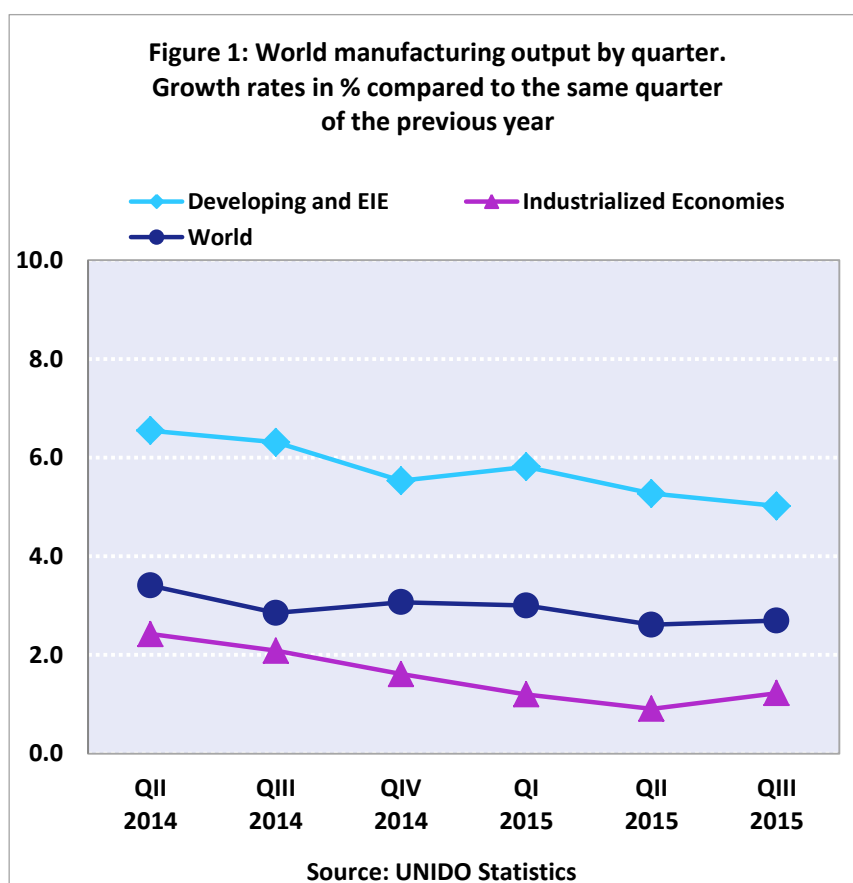
Major findings

1. World manufacturing growth in the second quarter of 2015

World manufacturing growth remained modest in the third quarter of 2015, with growth trends in industrialized and developing economies moving in opposite directions. Unlike the previous quarters, an upturn in manufacturing growth was observed in industrialized economies, while it decreased further in developing and emerging industrial economies. In the industrialized country group, growth in European industrialized economies continued to rise owing to lower oil prices and favourable currency exchange rates for exports. In the United States, growth remained steady, driven primarily by internal demand. In developing countries, the growth of China's

manufacturing output weakened in the third quarter and the country's industrial production rose at the lowest rate since 2005. The slowdown in emerging industrial economies had an overall impact on the growth of global manufacturing output. The Latin America region is facing severe economic challenges,

and manufacturing output deteriorated further in the third quarter of 2015.



Global manufacturing output rose by 2.7 per cent in the third quarter of 2015, up marginally from 2.6 per cent in the second quarter according to provisional estimates. Weak global demand, a decline in commodity prices and an uncertain investment environment are affecting global economic growth considerably. This highlights the importance of financial and monetary policies that lead to increased investments and promote demand.

The manufacturing output growth of industrialized countries rose by 1.2 per cent in the third quarter of 2015, signalling economic recovery. The United States and Europe have been the main drivers of this growth. However, weak growth, along with low inflation in East Asian countries and the struggles of the Japanese economy raises questions about the robustness of the recovery in industrialized countries.

The slowdown in developing and emerging industrial economies continued, registering 5.0 per cent growth compared to the same period of the previous year, and down from 5.3 per cent growth in the second quarter of 2015. While manufacturing output continued to grow by 6.6 per cent in developing countries in Asia and the Pacific compared to the same period of the previous year, the worsening recession in the Latin America region with a 3.2 per cent decline resulted in a further weakening of growth in the developing world.

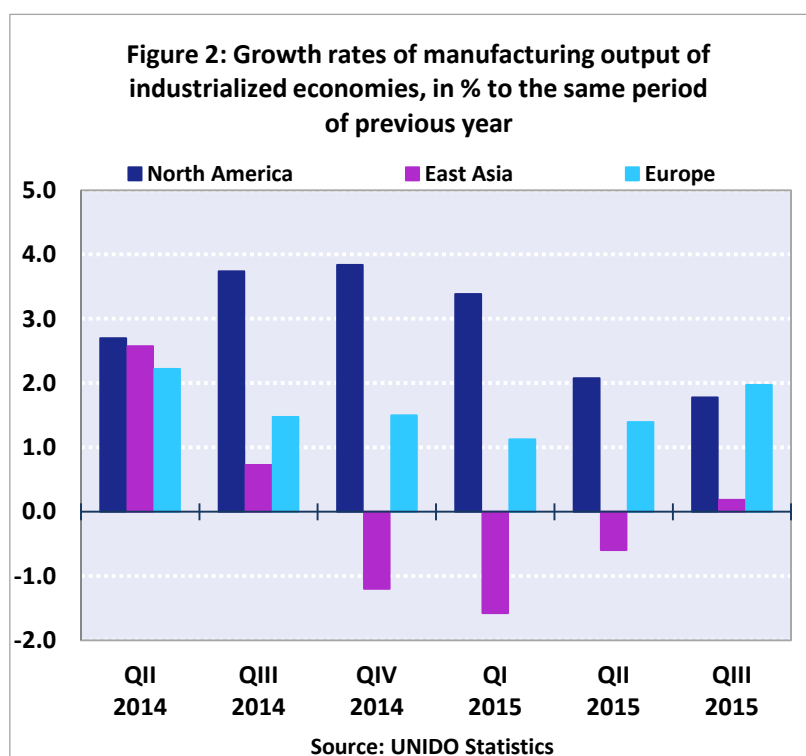
It is becoming clearer over time that the growth of one group of economies is dependent on the overall economic environment of another. Due to this interdependence, the downturn of industrial growth in the developing world could have a strong impact on global growth.

2. By country group

Industrialized economies

Industrialized countries are showing stronger signs of recovery, maintaining an overall growth rate of 1.2 per cent of manufacturing output in the third quarter of 2015, up from 0.9 per cent in the previous quarter. The growing European economy and the positive growth figure in the East Asian market are the main drivers of the country group's higher

growth rate in the third quarter. In East Asia, however, the growth rate of major economies, namely Japan and Singapore, remained negative in the third quarter of 2014. The industrial production index in North America rose by 1.8 per cent in the third quarter of 2015 on account of the growth

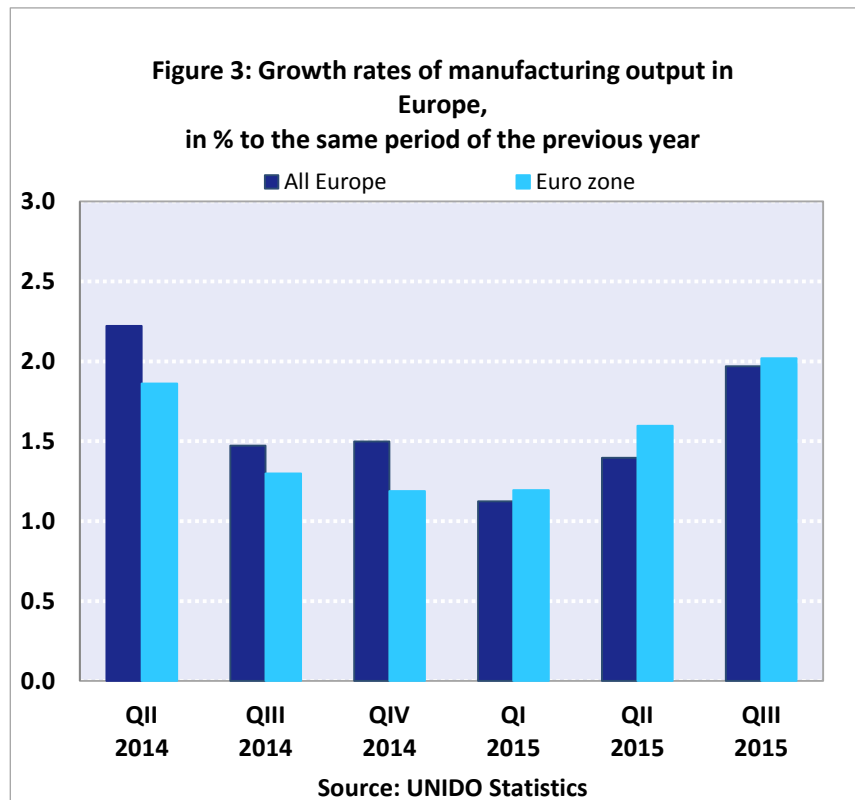


of manufacturing output in the United States.

According to UNIDO estimates, the manufacturing output of the United States rose by 2.0 per cent in the third quarter 2015, slightly lower than the 2.3 per cent growth rate in the previous quarter. The impact of the strong dollar is evident in the country's decline in manufactured goods exports. Canada registered a decline of 0.3 per cent as a result of declining commodity prices and slower growth in the United States.

Despite the challenges relating to the continued Greek credit crisis, Europe’s manufacturing sector has improved with a relatively stronger growth rate of 2.0 per cent in comparison to Q3 2014. The positive trend is attributable to export growth resulting from a weaker euro and lower oil prices. The growth figures were positive for almost all countries across the region, with the exception of Norway, Estonia, the United Kingdom and Finland, for which manufacturing output dropped by 5.6 per cent, 2.7 per cent, 0.9 per cent and 0.4 per cent, respectively.

The industrial production trends for the eurozone and Europe converged in the third quarter as a result of higher growth figures in non-euro economies, such as Switzerland. However, the quarter-to-quarter figures show a zero growth rate in Switzerland as a strong franc continues to affect Swiss industry.



Among the industrialized European economies, a remarkable growth trend has been observed in Malta, Hungary, Czech Republic and Slovakia at 7.0 per cent, 6.8 per cent, 6.7 per cent and 6.2 per cent, respectively.

As the figures suggest, the pace of recovery in Europe has become more stable. The stronger figures might be an indication that the region is becoming less vulnerable to political and external shocks. This is at odds with the situation in

Russia, where manufacturing activity continued to decline by 6.4 per cent in the third quarter of 2015 due to low oil prices and western sanctions.

Industrial production in East Asia grew by only 0.2 per cent overall, however, this is the first positive growth rate following three quarters of decline. Manufacturing production output deteriorated in Singapore as external demand weakened, declining by 6.2 per cent. Japan's manufacturing sector declined, with output falling by 0.4 per cent in the third quarter of 2015. On the other hand, manufacturing output expanded in Malaysia and the Republic of Korea by 4.7 per cent and 2.5 per cent, respectively.

As a whole, industrialized countries' manufacturing growth rates paint a mixed picture. The slowdown in North American countries has been offset by the improvement in European economies and the return to positive growth in East Asian economies.

Developing and emerging industrial economies

Manufacturing output in developing and emerging industrial economies decelerated further in the third quarter of 2015. Industrial production grew by 5.0 per cent, mainly due to a mixture of decline in Latin America and relatively lower growth in Asia and the Pacific. Growth in emerging economies excluding China has also started to decline and is largely linked to the decline in Latin American economies and lower growth in emerging European countries.

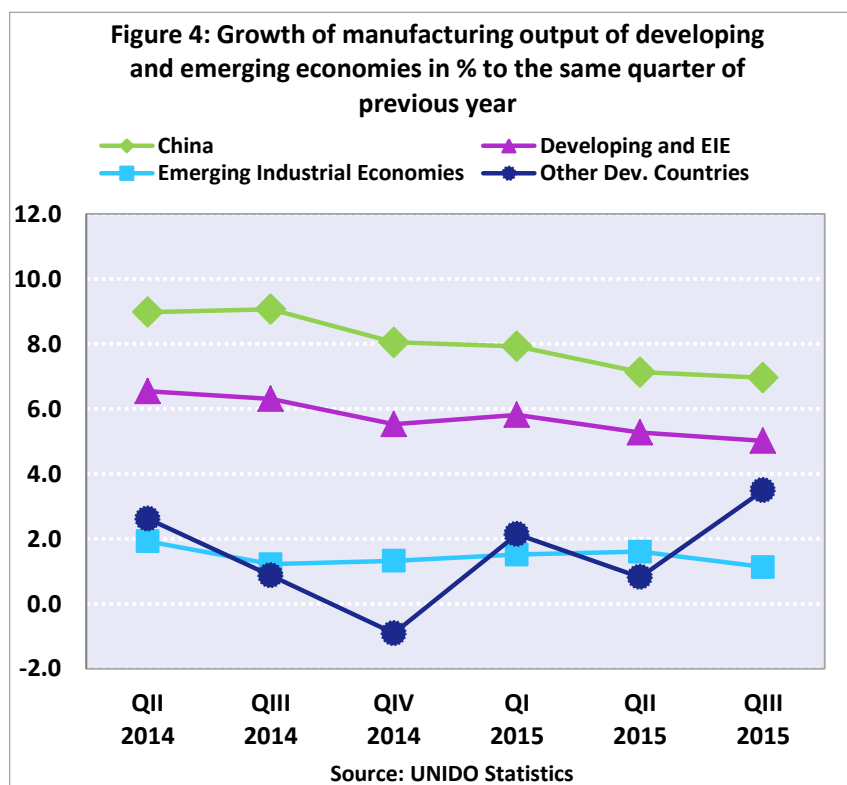
Recently, China has been the centre of attention among economic commentators, and its slowdown is raising many concerns about global economic growth and its huge impact on the world economy. China's manufacturing output grew by 7.0 per cent in the third quarter, slightly down from 7.1 per cent in QII 2015. This could be attributable to the falling demand of Chinese manufactured goods in external market.

Third quarter estimates for the Latin America region show that industrial production declined in all countries, with the exception of Mexico and Chile, where manufacturing output grew by 2.9 per cent and 0.3 per cent, respectively. Brazil's manufacturing output fell significantly by 11.0 per cent on a year-to-year basis. All manufacturing sectors in Brazil have registered negative growth compared to the same period in the previous year, with a tremendous decline in the manufacture of motor vehicles and computing machinery. High inflation, a weakening currency, low commodity prices and political conflicts are some of the factors causing this recession in Brazil. Among the other countries in the region, manufacturing output dropped by 3.2 per cent in Columbia and by 0.6 per cent in Peru. Zero growth has been observed in Argentina.

The growth figures for Africa indicate a slight improvement compared to the previous quarter. Manufacturing output in the region rose by 0.1

per cent in QIII 2015. A decline by 3.0 per cent has been observed in Egypt, by 1.3 per cent in Senegal, and by 0.2 per cent in Tunisia. On the other hand, manufacturing production grew by 1.6 per cent and 1.5 per cent in South Africa and Morocco, respectively.

Among developing Asian economies, Pakistan, Viet Nam, India and Indonesia reported remarkable growth rates in manufacturing output by 12.9 per



cent, 12.5 per cent, 4.6 per cent and 4.2 per cent, respectively. Increasing foreign investment is significantly boosting Viet Nam's economy. Pakistan's and India's growth rates are largely attributable to the growth in the manufacture of textiles and wearing apparel. Indonesia has benefited from significant growth in the manufacture of machinery and equipment in the third quarter of 2015.

While the decline in China's manufacturing output growth is a cause for concern, the growth rates recorded for the quarter in other Asian countries is remarkable, notably Pakistan's and Viet Nam's. However, China continues to represent the driving force for growth within the group, especially as Latin America's recession continues and Africa's growth remains sluggish.

3. Findings by industry group

This section presents growth estimates in manufacturing by industry for both industrialized and developing and emerging industrial countries in the third quarter of 2015.

Compared to the same quarter of the previous year, world manufacturing production grew in all manufacturing sectors in the third quarter 2015, with the exception of the manufacture of printing and publishing and the manufacture of machinery and equipment, which both declined slightly. The manufacture of radio and television recorded the highest growth at 8.0 per cent and the manufacture of tobacco products declined the most to 1.5 per cent worldwide. Developing and emerging industrial economies established a positive output growth in all manufacturing sectors, and industrialized countries registered positive growth in the majority of manufacturing sectors.

The production of wearing apparel grew by 3.1 per cent and 5.0 per cent in developing and emerging industrial countries and in the industrialized country group, respectively. Egypt, the United Kingdom, Malaysia and India registered high growth rates in the production of wearing apparel. However, the manufacturing

output of the sector fell in Indonesia and Brazil, two of the main producers, by 11.3 per cent and 11.2 per cent, respectively. The production of other consumer goods rose at a higher rate in developing and emerging industrial economies due to stronger domestic demand. As such, the production of textiles grew by 4.1 per cent and the manufacture of food and beverages rose by 4.4 per cent compared to the same quarter in the previous year. However, the production of textiles dropped in Turkey and most of the Latin American and African economies, except for Mexico and Morocco. The production of food and beverages rose by 6.5 per cent in India, by 4.5 per cent in Argentina and by 1.3 per cent in Mexico while output declined by 10.9 per cent in India and by 3.7 per cent in Brazil.

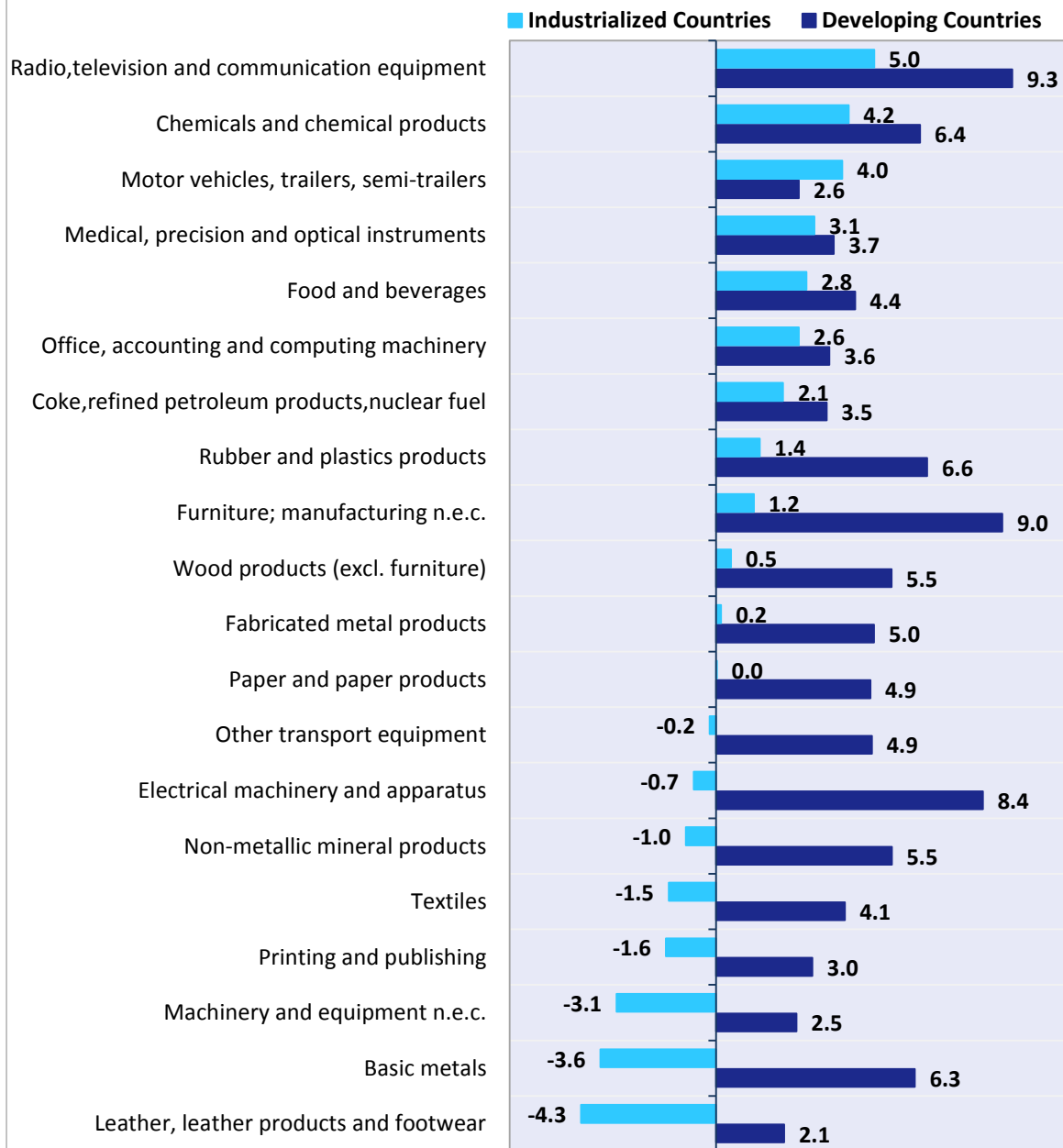
Developing and emerging industrial economies showed a remarkably high growth rate of 9.4 per cent in the manufacture of radio, television and communication equipment, with Egypt and Tunisia being the leading producers. Among industrialized producers, Spain and France showed the highest growth in this manufacturing sector.

Among other high-technology sectors, the production of motor vehicles grew by 2.6 per cent in developing countries and by 4.0 per cent in industrialized countries, with Italy being the leading producer worldwide, registering an impressive growth in the third quarter of 2015 compared to the same period in the previous year. Manufacturing production of other transport equipment also increased significantly in developing countries.

The production of chemicals and chemical products increased considerably in Senegal and Bulgaria, as well as in Ireland and Japan, who were the leading producers among the industrialized economies. The chemical industry has been one of the few industries in Russia witnessing growth, with a 6.6 per cent increase compared to the previous year.

Detailed data by industry and country group are presented in the annexed tables.

**Figure 5: Estimated growth rates by industry in % compared to previous year
Quarter III, 2015**



Source: UNIDO Statistics

Statistical Tables

Table 1:

Estimated growth rates of world manufacturing output in %
Quarter III, 2015

	Share in world MVA (2010)	Compared to the previous quarter	Compared to the same period of the previous year
World	100	-0.6	2.7
Industrialized Economies	67.7	0.2	1.2
North America	22.4	0.8	1.8
Europe	24.7	0.0	2.0
East Asia	17.2	-0.9	0.2
Developing and EIE (by development group)	32.3	-1.8	5.0
China	15.3	-2.5	7.0
Emerging Industrial Economies (excl. China)	13.8	-0.3	1.1
Other Developing Countries	2.7	0.8	3.5
Developing and EIE (by region)	32.3	-1.8	5.0
Africa	1.5	1.4	0.1
Asia & Pacific	21.7	-2.2	6.6
Latin-America	5.8	-1.2	-3.2
Others	3.3	0.6	3.8

Source: UNIDO Statistics.

Notes: Not all subgroups in this group are presented; seasonally adjusted data.

Table 2:**Estimated growth rates of output by manufacturing industry**

In % compared to the same period of the previous year

Quarter III, 2015.

	Developing and Emerging Industrial Economies	Industrialized Economies	World
Food and beverages	4.4	2.8	3.6
Tobacco products	-1.2	-4.4	-1.5
Textiles	4.1	-1.5	2.6
Wearing apparel, fur	3.1	5.0	3.6
Leather, leather products and footwear	2.1	-4.3	0.3
Wood products (excl. furniture)	5.5	0.5	2.2
Paper and paper products	4.9	0.0	1.7
Printing and publishing	3.0	-1.6	-0.8
Coke ,refined petroleum products, nuclear fuel	3.5	2.1	2.9
Chemicals and chemical products	6.4	4.2	5.0
Rubber and plastics products	6.6	1.4	3.4
Non-metallic mineral products	5.5	-1.0	2.6
Basic metals	6.3	-3.6	2.8
Fabricated metal products	5.0	0.2	1.5
Machinery and equipment n.e.c.	2.5	-3.1	-1.1
Office, accounting and computing machinery	3.6	2.6	2.8
Electrical machinery and apparatus	8.4	-0.7	4.6
Radio, television and communication equipment	9.3	5.0	8.0
Medical, precision and optical instruments	3.7	3.1	3.2
Motor vehicles, trailers, semi-trailers	2.6	4.0	3.7
Other transport equipment	4.9	-0.2	2.5
Furniture; manufacturing n.e.c.	9.0	1.2	5.4
Total Manufacturing	5.1	1.2	2.7

Source: UNIDO Statistics.

Note: Seasonally adjusted data.

Table 3:**Estimated growth rates of output by manufacturing industry**

In % compared to the previous quarter

Quarter III, 2015

	Developing and Emerging Industrial Economies	Industrialized Economies	World
Food and beverages	-5.7	0.4	-2.6
Tobacco products	-0.4	-0.4	-0.4
Textiles	-4.3	-1.3	-3.6
Wearing apparel, fur	-4.8	-0.6	-3.8
Leather, leather products and footwear	-3.2	1.9	-1.9
Wood products (excl. furniture)	-2.6	0.7	-0.5
Paper and paper products	-2.2	0.1	-0.8
Printing and publishing	-0.2	-0.2	-0.2
Coke, refined petroleum products, nuclear fuel	-0.8	0.0	-0.4
Chemicals and chemical products	0.4	0.6	0.5
Rubber and plastics products	-3.5	-0.4	-1.7
Non-metallic mineral products	1.2	-1.1	0.2
Basic metals	-2.9	-0.4	-2.1
Fabricated metal products	1.5	-0.3	0.2
Machinery and equipment n.e.c.	-1.9	-3.1	-2.7
Office, accounting and computing machinery	-9.4	0.7	-0.4
Electrical machinery and apparatus	-4.1	-0.6	-2.7
Radio, television and communication equipment	0.2	-3.3	-0.9
Medical, precision and optical instruments	-9.1	-0.1	-1.6
Motor vehicles, trailers, semi-trailers	-0.3	1.6	1.2
Other transport equipment	-2.0	-0.4	-1.3
Furniture; manufacturing n.e.c.	10.4	0.8	5.9
Total Manufacturing	-1.8	0.2	-0.6

Source: UNIDO Statistics.

Note: Seasonally adjusted data.

Table 4:**Estimated growth rates of world manufacturing output in %**

Quarter II, 2015 (revised)

	Share in world MVA (2010)	Compared to the previous quarter	Compared to the same period of the previous year
World	100	-0.2	2.6
Industrialized Economies	67.7	0.0	0.9
North America	22.4	0.3	2.1
Europe	24.7	0.6	1.4
East Asia	17.2	-0.5	-0.6
Developing and EIE (by development group)	32.3	-0.6	5.3
China	15.3	-0.9	7.1
Emerging Industrial Economies (excl. China)	13.8	-0.1	1.6
Other Developing Countries	2.7	-1.4	0.8
Developing and EIE (by region)	32.3	-0.6	5.3
Africa	1.5	-2.8	-2.8
Asia & Pacific	21.7	-0.7	6.8
Latin-America	5.8	-0.3	-2.1
Others	3.3	-0.2	4.0

Source: UNIDO Statistics.

Note: Not all subgroups in this group are presented; seasonally adjusted data.

Table 5:**Estimated growth rates of output by manufacturing industry**

In % compared to the same period of the previous year

Quarter II, 2015 (revised)

	Developing and Emerging Industrial Economies	Industrialized Economies	World
Food and beverages	4.1	2.0	3.0
Tobacco products	5.0	-8.7	3.6
Textiles	4.4	-1.3	3.0
Wearing apparel, fur	4.0	0.2	3.0
Leather, leather products and footwear	3.9	-5.7	1.2
Wood products (excl. furniture)	4.5	0.2	1.7
Paper and paper products	4.0	-0.6	1.0
Printing and publishing	1.7	-0.9	-0.4
Coke, refined petroleum products, nuclear fuel	4.3	1.4	3.0
Chemicals and chemical products	7.3	2.8	4.4
Rubber and plastics products	6.3	1.1	3.1
Non-metallic mineral products	4.0	-0.1	2.1
Basic metals	6.6	-4.0	2.9
Fabricated metal products	5.9	-0.4	1.4
Machinery and equipment n.e.c.	2.6	0.0	1.0
Office, accounting and computing machinery	4.6	2.5	2.8
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Medical, precision and optical instruments	5.5	4.7	4.9
Motor vehicles, trailers, semi-trailers	3.6	1.0	1.6
Other transport equipment	6.6	0.6	3.8
Furniture; manufacturing n.e.c.	8.0	1.1	4.6
Total Manufacturing	5.4	0.9	2.6

Source: UNIDO Statistics.

Note: Seasonally adjusted data.