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World Manufacturing Production

Statistics for Quarter I, 2012



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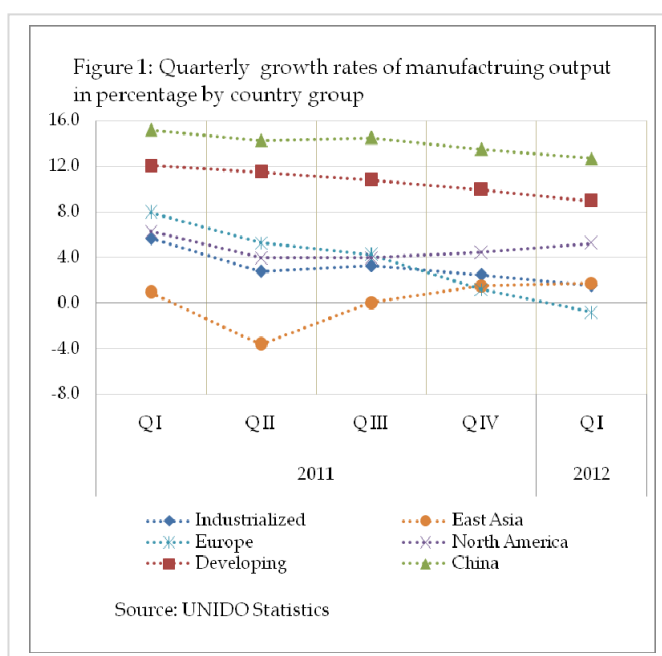
Report on world manufacturing production, Quarter I, 2012

UNIDO Statistics presents this report to international data users on world manufacturing production for the first quarter of 2012. The report provides estimates based on the observed growth of manufacturing output obtained from quarterly production indices. Reports for earlier quarters of 2011 are available on the statistics pages of UNIDO's website. Users can also access methodological documents on the compilation of quarterly indices and the estimation procedure of growth rates. Each report presents the latest figures and revised estimates of earlier quarters supplemented by a brief data analysis.

Major findings

World manufacturing production sustained moderate growth in the first quarter of 2012 amid an improving business environment in East Asia and North America, but declining growth trends in euro zone countries due to the fragile financial conditions. According to the latest UNIDO estimates, world manufacturing output rose by 3.9 percent in the first quarter of 2012 compared to the same period in 2011. Total manufacturing output of European countries fell by 0.8 percent during the same period. Overall growth of manufacturing in industrialized countries was estimated at 1.6 percent compared to the same period of the previous year.

At the same time, developing countries maintained a higher industrial growth rate in the first quarter. According to UNIDO estimates, manufacturing output of developing countries during this period grew by 8.7 percent. However, since the beginning of 2011, the growth rate of manufacturing output has gradually been declining in developing countries as well (see Figure 1), especially in China, the largest manufacturer of the developing world. China's quarterly manufacturing growth rate has decreased by 2.5 percent since the beginning of 2011, which is associated with the drop in demand of consumer goods in external markets, mainly in Europe.

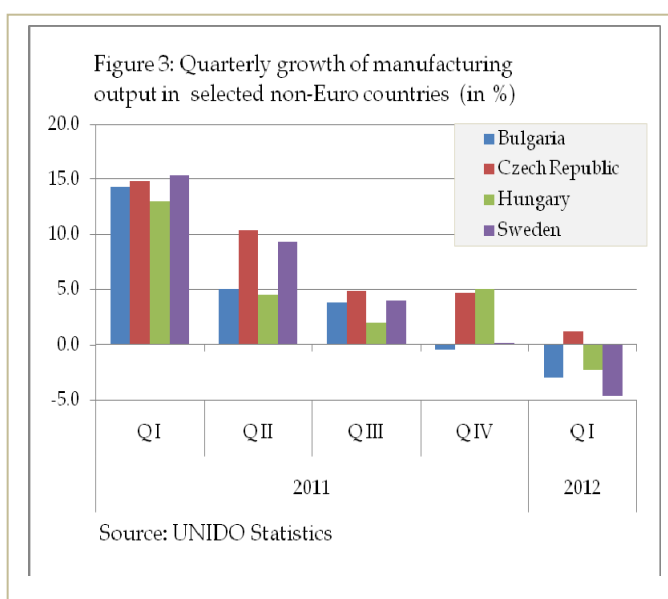
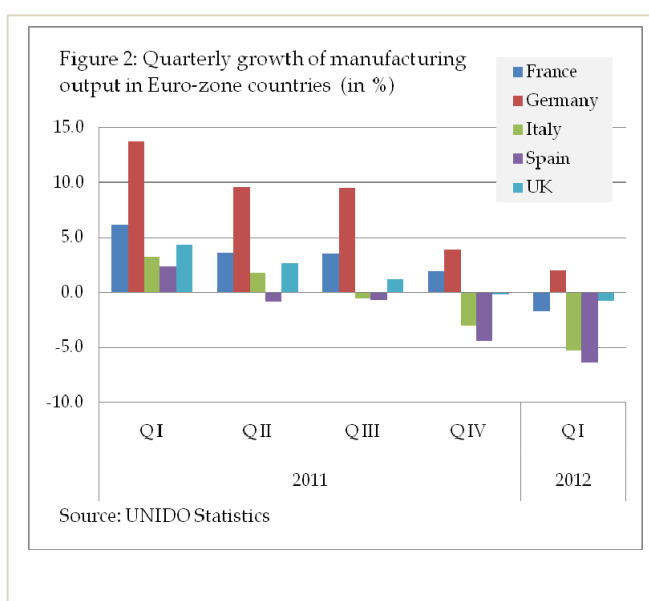


By country group

In general, the global recovery of industrial growth has been characterized by different dynamics in industrialized and developing countries. Manufacturing has been the key source of economic growth and recovery from the financial crisis for both the United States and Japan. Decreasing unemployment and rising demand has boosted strong manufacturing growth in the United States, where its output in the first quarter of 2012 increased by 5.5 percent. Similarly, the manufacturing sector has restored Japan's growth as a result of investment-oriented output associated with earthquake-related rebuilding projects. Manufacturing output rose by 2.6 percent in the first quarter of 2012.

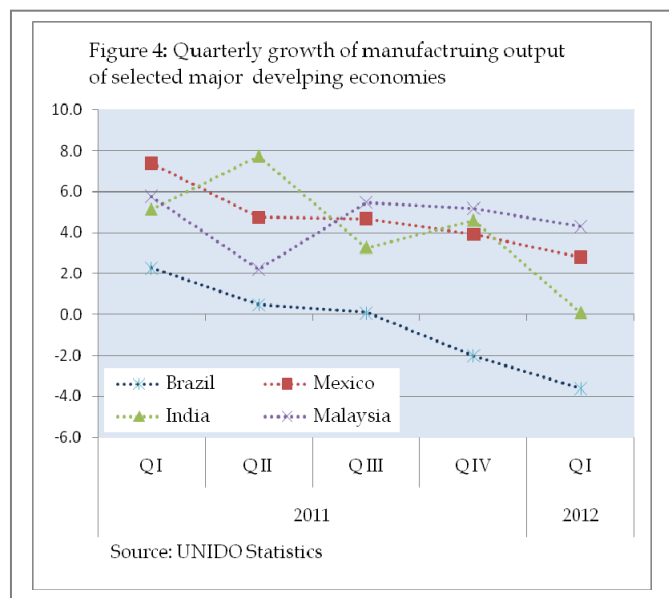
The picture in Europe, however, was quite different. In the last quarter of 2011, UNIDO reported that the impact of the euro zone's financial instability was limited to a few countries. The situation has changed in recent months. The latest figures indicate that manufacturing output has fallen in nearly all major economies of the euro zone except Germany, which grew by 2 percent in the first quarter of 2012 (Figure 2). Austerity measures adopted for fiscal consolidation in a number of euro zone countries has resulted in reductions in household income, loss of consumer demand, decline in production and rise in unemployment.

The European governments have voiced support for a policy shift from austerity measures to a growth-oriented strategy, which is crucial, also to minimize the spillovers of the euro zone crisis to other European countries. There are already clear indications that manufacturing output is falling in countries outside the euro zone, including in East European EU member states (see Figure 3).



Developing countries have maintained a relatively higher growth rate of manufacturing output throughout the financial crisis. However, observation of longer data series has now made the gradual decline of manufacturing output in developing countries more visible. The effect of the financial crisis in industrialized countries has rippled to developing countries through the exchange of commodities, capital flows and remittances with a time delay. The current slowdown of developing countries may continue until the economic and financial conditions of Europe have improved.

Overall trends for developing countries and China are depicted in Figure 1. Manufacturing output has also fallen in other major developing economies such as Brazil, India and Mexico. Brazil's manufacturing sector has witnessed negative growth in the last two consecutive quarters due to the pressures of falling demand and rising inflation. In the case of India, there has been some improvement in inflation rate, but industrial growth remains low. The manufacturing output grew by a mere 0.1 percent in the first quarter of 2012.



Among other developing economies, Chile, Indonesia and Malaysia maintained a higher growth rate in the first quarter of 2012. Strong growth of the manufacturing sector was observed in Egypt and Tunisia, however, South Africa's manufacturing sector, which has a large export share to the European market, declined in the first quarter.

By industry group

Sector-level growth rates are obtained from the production indices compiled at the 2-digit level of ISIC separately for industrialized and developing countries.

Motor vehicle manufacturing has topped the list of high growth performers in industrialized countries, mainly owing to the strong recovery of the automotive industry in the United States. The output of motor vehicles on average grew by 12.0 percent in industrialized countries – among them, US growth was estimated at 17.6 percent in the first quarter compared to the same period of the previous year. Japan's growth on a year-to-year basis was even higher, but the high growth rate can be explained by the drastic drop in the first quarter in 2011. In comparison to the previous quarter, the production of motor vehicles grew by 8.6 percent in the US and 6.7 percent in Japan. This sector's output also grew in Germany and the United Kingdom, but dropped in France and Italy.

As a sign of economic recovery, demand in capital goods has been rising in the industrialized countries of North America and East Asia. Production of machinery and equipment grew by 6.7 percent in the US, 2.4 percent in Japan and 7.2 percent in Singapore. Overall growth of machinery and equipment in industrialized countries was estimated at 4.4 percent in the first quarter of 2012. As usual, industrialized countries performed well in high-technology sectors, however, their production declined in other sectors such as food, textile and the manufacture of leather products.

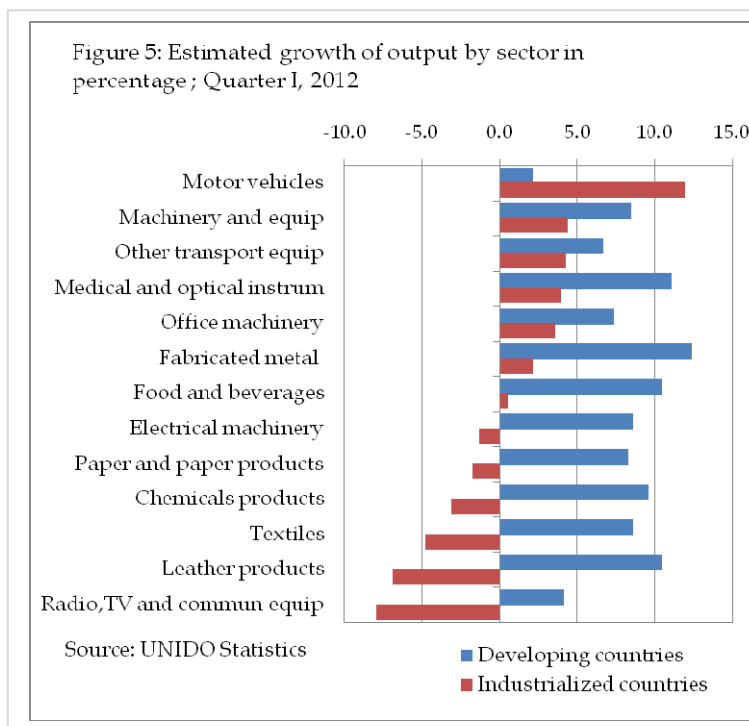
The growth of individual sectors in industrialized and developing countries is presented in Figure 5.

Developing countries performed well in food, textile and the manufacture of wearing apparels. Among consumer goods, the production of radio, television and communication equipment, which are the main export items of developing countries, grew at

a modest rate of 4.2 percent due to the falling demand in the European market. The production of wearing apparel grew in China, Egypt and Peru, but declined in Brazil, India and Mexico.

The production of fabricated metal products, machinery and equipment also grew at higher rates in developing countries to meet the increase in demand of capital goods in some industrialized countries.

Figures by country group and industry group are presented in detail in the Annex.



Annex: Statistical tables

Table 1: Estimated growth rates of world manufacturing output
Quarter I, 2012

	Share in world MVA ¹ (2010)	In percent compared to:	
		Previous quarter	Same period of previous year
World	100.0	3.4	3.9
Industrialized Countries	67.9	0.2	1.6
North America	24.8	2.4	5.3
Europe	23.5	-0.5	-0.8
East Asia	18.1	-1.2	1.9
Developing Countries	32.1	9.9	8.7
China	15.4	16.4	12.7
Newly industrialized countries	12.8	-0.9	1.4
Other developing countries	3.5	-1.8	1.2

¹For further details on manufacturing output distribution worldwide, see UNIDO publication *International Yearbook of Industrial Statistics*, 2011.

Table 2: Estimated growth rates of output by manufacturing sector
Quarter I, 2012
(in percent compared to the same period of the previous year)

	Developing Countries	Industrialized Countries	World
Food and beverages	10.5	0.5	4.3
Tobacco products	13.4	-4.0	11.5
Textiles	8.6	-4.8	4.5
Wearing apparel, fur	4.9	17.0	9.1
Leather, leather products and footwear	10.5	-6.9	4.4
Wood products (excl. furniture)	12.0	-2.4	2.2
Paper and paper products	8.3	-1.8	1.2
Printing and publishing	13.1	-4.2	-2.1
Coke, refined petroleum products	2.6	0.6	1.6
Chemicals and chemical products	9.6	-3.1	1.0
Rubber and plastics products	8.1	-1.0	2.1
Non-metallic mineral products	9.4	-4.6	2.4
Basic metals	10.3	0.4	6.2
Fabricated metal products	12.4	2.2	4.4
Machinery and equipment n.e.c.	8.5	4.4	6.0
Office, accounting and computing machinery	7.4	3.6	4.0
Electrical machinery and apparatus	8.6	-1.3	3.5
Radio, TV and communication equipment	4.2	-8.0	-1.4
Medical, precision and optical instruments	11.1	3.9	4.8
Motor vehicles, trailers, semi-trailers	2.1	12.0	10.1
Other transport equipment	6.7	4.3	5.6
Furniture; manufacturing n.e.c.	13.3	-1.2	5.5
Total Manufacturing	8.7	1.6	3.9

Table 3: Estimated growth rates of output by manufacturing sector
Quarter I, 2012
(in percent compared to Quarter IV of 2011)

	Developing Countries	Industrialized Countries	World
Food and beverages	8.3	0.1	3.2
Tobacco products	3.4	1.0	3.0
Textiles	14.4	0.6	10.1
Wearing apparel, fur	11.4	20.8	14.7
Leather, leather products and footwear	11.4	-4.3	5.9
Wood products (excl. furniture)	17.7	0.7	5.3
Paper and paper products	12.8	0.1	3.7
Printing and publishing	0.6	-1.4	-1.1
Coke, refined petroleum products	4.1	-0.1	2.1
Chemicals and chemical products	9.7	0.3	3.2
Rubber and plastics products	8.8	0.8	3.4
Non-metallic mineral products	13.1	-1.7	5.1
Basic metals	15.9	2.2	10.0
Fabricated metal products	19.2	0.6	4.5
Machinery and equipment n.e.c.	16.7	1.0	5.7
Office, accounting and computing machinery	14.9	1.7	2.9
Electrical machinery and apparatus	14.3	-0.4	6.6
Radio, TV and communication equipment	6.2	4.6	5.5
Medical, precision and optical instruments	13.3	-1.2	0.4
Motor vehicles, trailers, semi-trailers	-2.2	3.8	2.7
Other transport equipment	8.6	0.0	4.4
Furniture; manufacturing n.e.c.	10.8	0.9	5.4
Total Manufacturing	9.9	0.2	3.4

Table 4: Estimated growth rates of world manufacturing output
Quarter IV, 2011 (Revised)

	Share in world MVA ² (2010)	In percent compared to:	
		Previous quarter	Same period of previous year
World	100.0	-0.4	4.6
Industrialized Countries	67.9	0.3	2.5
North America	24.8	1.4	4.4
Europe	23.5	-1.2	1.2
East Asia	18.1	1.7	1.5
Developing Countries	32.1	-1.6	9.7
China	15.4	-4.1	13.5
Newly industrialized countries	12.8	2.3	3.3
Other developing countries	3.5	4.9	4.3

² For further details on MVA distribution worldwide, see UNIDO publication *International Yearbook of Industrial Statistics*, 2011.