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World Manufacturing Production

Statistics for Quarter III, 2011



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Report on world manufacturing production, Quarter III, 2011

UNIDO Statistics presents this report to international data users on world manufacturing production for the third quarter of 2011. The report provides estimates based on the observed growth of manufacturing output during the first 9 months of 2011 obtained from quarterly production indices. Separate reports for Quarter I and II of 2011 are available on UNIDO's website. Users can access methodological documents on the estimation procedure of annual growth rates and a compilation of quarterly indices through the statistics web page on UNIDO's website. For comparison purpose, reports on earlier quarters are also available on the website.

Major findings

World manufacturing production grew by 5.5 per cent in the third quarter of 2011 compared to the same period in 2010. Although this growth rate is lower than the annual figures for 2010 and for the first quarter of 2011, the latest estimates of world manufacturing output reveal that another downturn in world industrial production is not imminent. During the first months of 2011, the level of world manufacturing output reached the pre-crisis manufacturing level and there are clear indications that the yearly growth is also returning to pre-crisis levels.

Despite the fear that the global economy is slowing down and that the Euro area "... appears to be in a mild recession"¹, the picture for the manufacturing sector differs. Manufacturing growth has mostly been higher than GDP growth and this also applies to European countries. According to UNIDO estimates, manufacturing output of industrialized countries in Europe grew by 4.5 per cent in the third quarter of 2011 compared to the same period in 2010. If the current trend prevails, it would be fair to make an optimistic projection that world industrial production is likely to stabilize in 2012.

However, much will depend on the actions taken by the governments in Europe and the United States to consolidate their budgets, and the implications of their fiscal policies on the manufacturing sector.

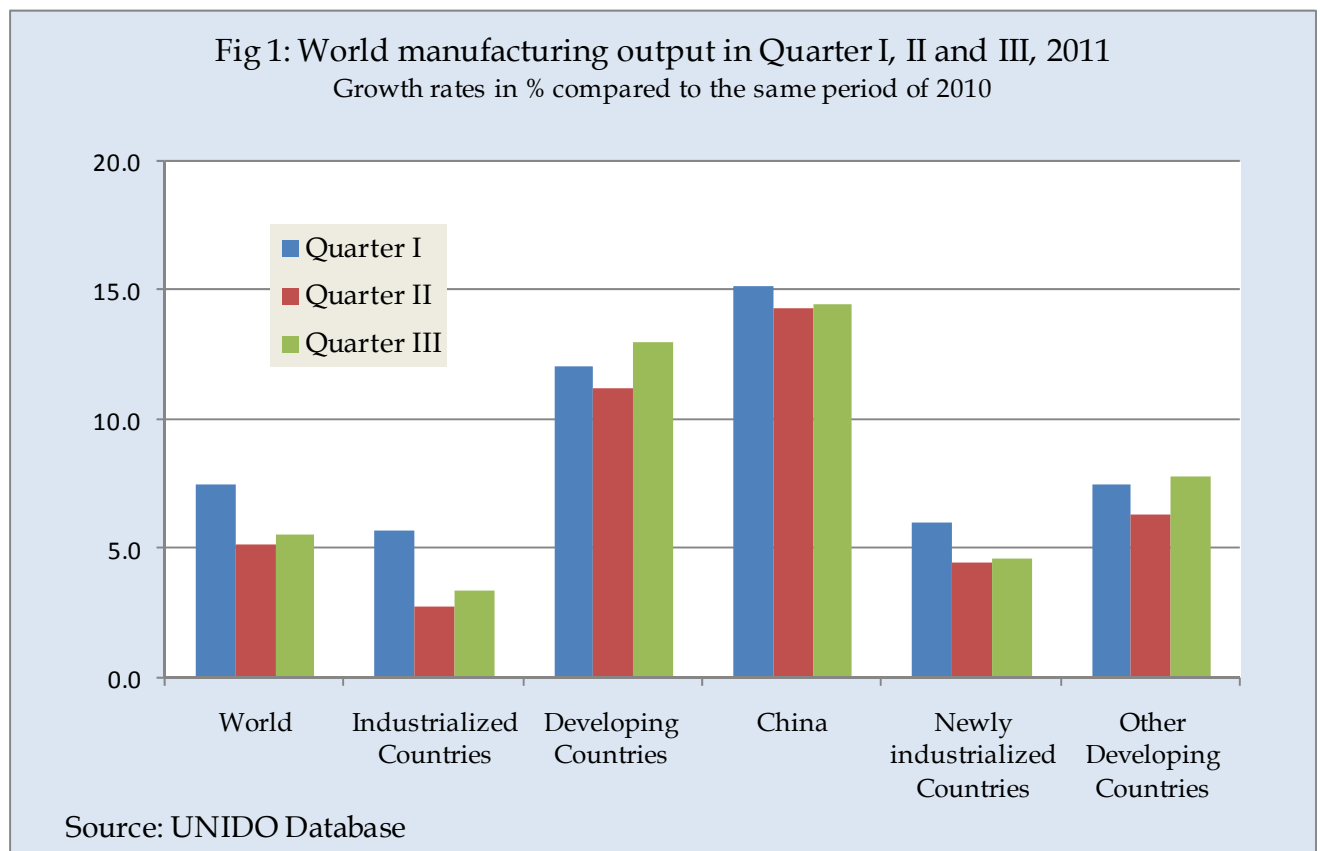
By country groups

The impact of the Euro zone's financial instability seems to have been limited to only a few countries so far. Strong growth of manufacturing output was observed in a

¹ OECD Economic Outlook No. 90, Paris, 28 November 2011.

number of countries such as Austria (7.2 per cent), Czech Republic (5.5 per cent), Germany (9.6 per cent) and Sweden (6.4 per cent). Similarly, manufacturing production grew at relatively higher rates in East European countries such as Poland (6.5 per cent), Latvia (9.1 per cent), Lithuania (7.8 per cent) and Romania (6.1 per cent). Moderate growth was observed in France (4.2 per cent) and the United Kingdom (2.1 per cent). However, manufacturing growth in Greece, Portugal and Spain was negative. Italy's manufacturing growth dropped in the third quarter compared to the second quarter of 2011, while its growth rate on a year-to-year basis remained marginal.

World manufacturing growth in Quarter I, II and III by country groups is illustrated in Fig 1.



The manufacturing output of the world's largest manufacturer, the United States, grew by 4.1 per cent in the third quarter, which is lower than the growth rate in the previous quarters but still above the average of the pre-crisis years. Japan's manufacturing performance improved significantly in recent months. Its output grew by 4.3 per cent in the third quarter, compared to second quarter of 2011, but it has not yet reached the level of last year.

The manufacturing output of developing countries grew continuously at a very high pace at 13 per cent compared to the same period in 2010. Developing countries have made significant contributions to the overall growth of world manufacturing. China, which accounts for half of the total manufacturing value added (MVA) of developing countries, grew by 14.5 per cent in the third quarter. However, China's manufacturing output growth is still lower than the level it reached in the first quarter of 2011. Moderate growth was observed in other leading developing economies such as Argentina (3.8 per cent), India (3.1 per cent) and Mexico (4.6 per cent). Brazil's industrial output grew by a marginal rate of 0.1 per cent. Other developing countries with a strong growth of manufacturing output include Turkey (7.8 per cent), Viet Nam (7.4 per cent) and Malaysia (5.2 per cent).

Although data for the least developed economies are available for a few countries only, they showed a strong increase in their manufacturing output: Bangladesh (18 per cent), Senegal (11.4 per cent) and Uganda (8 per cent).

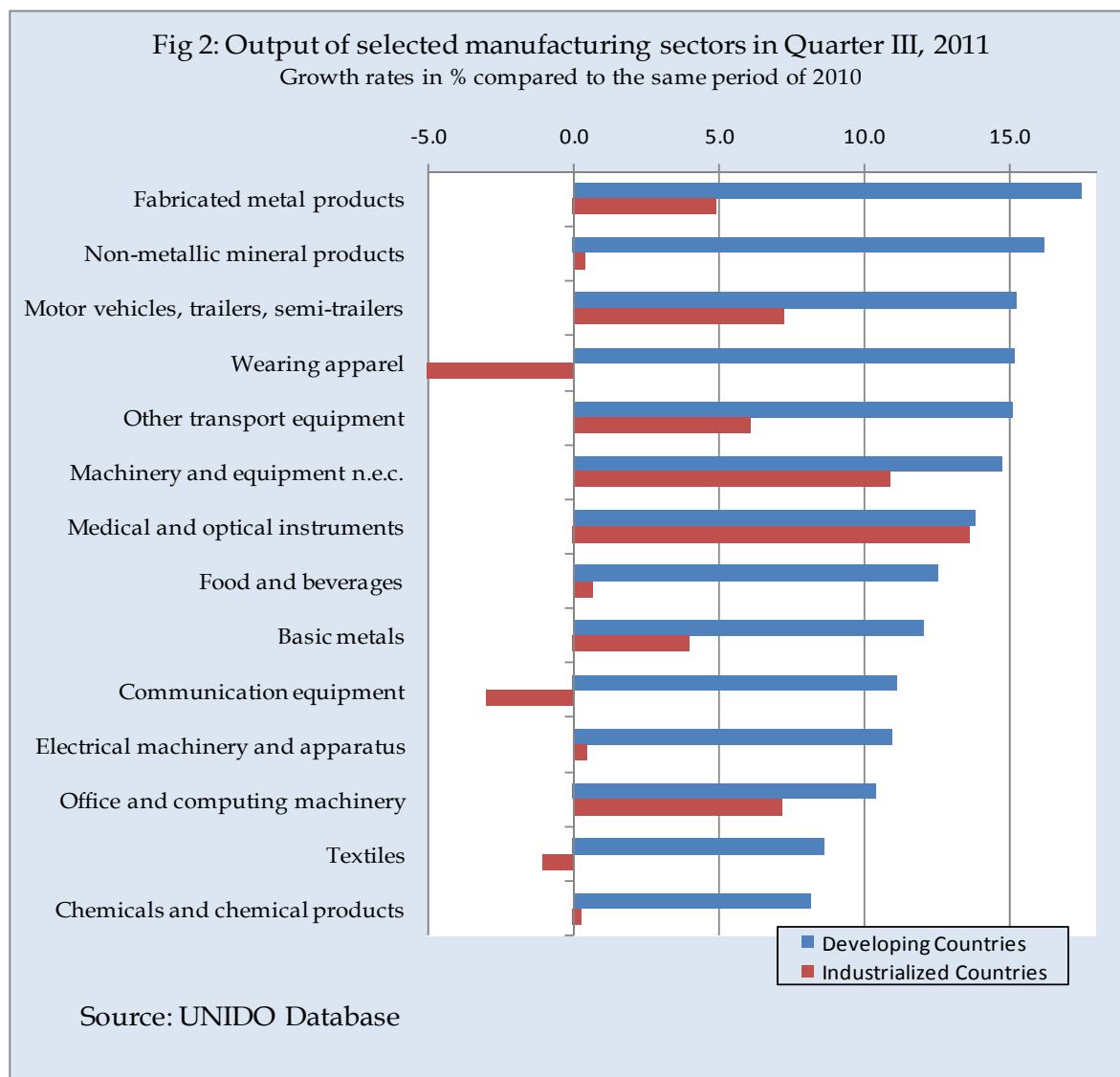
However, manufacturing output of other developing countries dropped in the third quarter, for example in Colombia (1 per cent), Croatia (1.9 per cent), Jordan (1.8 per cent) and Serbia (6.3 per cent).

By industry groups

Greater insights into the trends in global manufacturing can be gained from a review of production indices compiled by manufacturing sectors at the 2-digit ISIC level for industrialized and developing countries.

Industrialized countries have continuously shown strong growth performance in high-technology industries, especially in machinery and equipment, office and computing machinery and medical optical and precision equipment. Eight months after the tsunami disaster, Japan's automotive industry is rapidly recovering, although production in the third quarter was still 2.1 per cent below last year's production rate. On account of the strong growth in the production of motor vehicles in a number of industrialized countries, especially in Austria, Germany, the Russian Federation and the United Kingdom, the overall growth in industrialized countries remained high. However, their output in a number of consumer goods industries, such as textile, wearing apparel and communication equipment which includes radio, television and telephone sets, significantly decreased in the third quarter.

Developing countries maintained high growth in all sectors, but their domination was particularly observed in primary processing industries such as food and beverages, wearing apparel, wood products, basic metals and manufacture of non-metallic mineral products. However, the output of most of these industries dropped in the third quarter compared to the second quarter of 2011. The manufacture of food and beverages dropped by 3.6 per cent in developing countries, whereas textile and wearing apparel grew at a marginal rate of 1.7 per cent and 0.9 per cent, respectively.



The sector-wise growth is depicted in Fig. 2 as well as in Table 2 and 3, which are presented in the Annex.

Annex: Statistical tables

Table 1:

Estimated growth rates of world manufacturing output
Quarter III, 2011

	Share in world MVA ² (2010)	In per cent compared to:	
		Previous quarter	Same period of previous year
World	100.0	-0.1	5.5
Industrialized Countries	67.9	1.1	3.3
North America	24.8	1.1	3.9
Europe	23.5	0.7	4.5
East Asia	18.1	2.3	0.0
Developing Countries	32.1	-0.6	13.0
China	15.4	-3.5	14.5
Newly industrialized countries	12.8	0.3	4.6
Other developing countries	3.5	0.2	7.8

² For 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 III, 2011

(in per cent compared to the same period of the previous year)

	Developing Countries	Industrialized Countries	World
Food and beverages	12.5	0.6	3.8
Tobacco products	13.2	0.5	6.7
Textiles	8.7	-1.0	3.8
Wearing apparel, fur	15.2	-8.7	3.8
Leather, leather products and footwear	10.4	1.7	5.3
Wood products (excl. furniture)	36.1	0.2	5.4
Paper and paper products	20.0	-2.3	1.3
Printing and publishing	10.4	-1.4	-0.1
Coke, refined petroleum products	3.9	-0.5	1.6
Chemicals and chemical products	8.2	0.3	1.8
Rubber and plastics products	14.7	1.8	4.6
Non-metallic mineral products	16.2	0.4	5.6
Basic metals	12.1	4.0	8.2
Fabricated metal products	17.5	4.9	6.9
Machinery and equipment n.e.c.	14.7	10.9	11.8
Office, accounting and computing machinery	10.4	7.2	7.4
Electrical machinery and apparatus	11.0	0.5	4.7
Radio, TV and communication equipment	11.2	-3.0	3.3
Medical, precision and optical instruments	13.9	13.7	13.7
Motor vehicles, trailers, semi-trailers	15.2	7.2	7.5
Other transport equipment	15.1	6.1	9.6
Furniture; manufacturing n.e.c.	14.6	2.8	7.3
Total Manufacturing	13.0	3.3	5.5

Table 3:

Estimated growth rates of output by manufacturing sector

Quarter III, 2011

(in per cent compared to Quarter II of 2011)

	Developing Countries	Industrialized Countries	World
Food and beverages	-3.6	-0.4	-2.3
Tobacco products	4.8	0.2	0.7
Textiles	1.7	-0.2	-0.3
Wearing apparel, fur	0.9	-5.7	-2.9
Leather, leather products and footwear	-1.7	-3.2	-3.8
Wood products (excl. furniture)	15.4	-1.2	0.3
Paper and paper products	3.7	-0.3	-1.2
Printing and publishing	-4.8	-0.5	-1.1
Coke, refined petroleum products	-2.3	1.7	-0.4
Chemicals and chemical products	-3.2	-0.4	-1.8
Rubber and plastics products	4.7	-0.6	0.0
Non-metallic mineral products	-2.1	-0.4	-2.3
Basic metals	-2.4	0.3	-1.6
Fabricated metal products	0.0	1.0	0.4
Machinery and equipment n.e.c.	-3.7	1.6	-0.3
Office, accounting and computing machinery	-5.2	1.7	1.0
Electrical machinery and apparatus	-6.2	0.1	-3.5
Radio, TV and communication equipment	-1.1	2.2	-0.2
Medical, precision and optical instruments	-4.8	5.1	4.1
Motor vehicles, trailers, semi-trailers	10.1	12.4	10.7
Other transport equipment	2.5	1.0	0.9
Furniture; manufacturing n.e.c.	1.0	0.0	-0.1
Total Manufacturing	-0.6	1.1	-0.1

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

	Share in world MVA ³ (2010)	In per cent compared to:	
		Previous quarter	Same period of previous year
World	100.0	1.3	5.4
Industrialized Countries	67.9	0.0	2.8
North America	24.8	0.0	4.0
Europe	23.5	0.8	5.3
East Asia	18.1	-1.4	-3.6
Developing Countries	32.1	4.2	11.5
China	15.4	6.5	14.3
Newly industrialized countries	12.8	-0.1	5.4
Other developing countries	3.5	1.7	6.6

³ For further details on MVA distribution worldwide, see UNIDO publication *International Yearbook of Industrial Statistics*, 2011.