



World Manufacturing Production

Statistics for Quarter IV, 2011



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Report on world manufacturing production, Quarter IV, 2011

UNIDO Statistics presents this report on world manufacturing production for the fourth quarter of 2011 to international data users. The report provides estimates based on the observed growth of manufacturing obtained from quarterly production indices. Separate reports for previous quarters of 2011 are available on UNIDO's website, where users can also access the methodological documents on the estimation procedure of quarterly indices. The current report completes the first year cycle of quarterly production indices compiled by UNIDO Statistics and paves the way for the further improvement in the quality of estimates with respect to benchmarking and seasonal adjustment. A revised data series will be made available on UNIDO's web page in due course.

Major findings

World manufacturing production rose by 4.2 per cent in the fourth quarter of 2011 compared to the same period in 2010. The United States and China significantly contributed to this rate through consolidated and robust growth and continuous high growth rates, respectively.

This has been the lowest quarterly growth on year-to-year basis in 2011. World manufacturing had an impressive start with 7.5 percent growth in the first quarter of 2011, indicating a recovery from the financial crisis of 2008–2009, however, this process has stalled since the second quarter due to the deteriorated financial situation in the eurozone countries and the considerable loss of production in Japan's manufacturing sector following the Tsunami disaster. According to UNIDO estimates, manufacturing output of industrialized countries increased by merely 2 percent in the fourth quarter compared to the same period of the previous year. The growth of manufacturing output in these countries was equal to that of the previous quarter.

Prolonged instability in financial sectors has had an impact on the general business environment, while the austerity measures introduced by European governments for fiscal consolidation have negatively affected consumer demand. The banking sector in the eurozone countries failed to provide the required lending support to productive sectors, which has hampered the recovery process. The fourth quarter of 2011 has also shown signs of a worsening economic situation in Europe's industrialized countries, which is affecting the manufacturing production of developing countries where the growth rate was below 10 percent for the first time since the financial crisis.

The group of developing countries increased its manufacturing production by more than 9 percent in the fourth quarter and continues to be the strongest driver of growth in world manufacturing.

By country groups

Manufacturing growth trends in industrialized countries were quite mixed in the fourth quarter of 2011. While the industrialized countries of North America and East Asia consolidated their growth trend, the situation was quite opposite in European countries.

Unlike in previous quarters where the impact of the eurozone's financial instability was limited to a few countries only, the production figures of the fourth quarter suggest weakened growth prospects in a higher number of European countries both within and outside the eurozone. Manufacturing output has fallen in the United Kingdom and Switzerland. Among the eurozone countries, the largest drop in manufacturing output was observed in Greece where manufacturing output decreased by 14.0 percent in the fourth quarter compared to the same period in the previous year. Manufacturing output also fell in Spain by 4.6 percent, by 3.6 percent in Portugal and by 2.6 percent in Italy. Among other major economies in the eurozone, France and Germany maintained the positive growth at a rate of 2.1 and 3.7 percent, respectively, compared to the same period of the previous year.

Contrary to previous quarters (with growth rates of more than 10 percent), Germany's manufacturing sector was no longer able to boost the manufacturing growth of industrialized countries as strongly in the fourth quarter, especially in Europe. The primary reasons were lower growth rates in the machinery and automotive industry. The highest growth in private consumption over the last five years and increased investment have led to domestic demand replacing external trade as the main trigger for growth in the manufacturing sector. The pending orders following the mid-year drop in order bookings did not immediately affect third quarter production but ultimately resulted in reduced output growth in the fourth quarter.

A moderate growth in manufacturing output was observed in Austria (3.3 percent) and Belgium (4.6 percent), however, the growth figures were less than 1 percent in Finland, Ireland and the Netherlands. A high growth in manufacturing output was observed in the countries of Eastern and Central Europe. Manufacturing output increased in Czech Republic by 5.2 percent, by 9.6 percent in Poland and by 6.5 percent in the Russian Federation. Notably, the growth rate in most of these countries was lower in the fourth quarter compared to the previous quarter.

The situation was, however, quite different for industrialized countries outside Europe. The United States further consolidated its growth performance, owing, in particular, to a significant production increase in motor vehicles and in machinery and equipment. The total manufacturing output of the United States grew by 4.3 per cent in the fourth quarter compared to the same period of the previous year. Strong domestic demand due to low consumer saving rates and high business investment offset the adverse effects of the euro debt crisis on the US manufacturing sector.

The manufacturing output also increased in Canada by 2.6 percent. The fourth quarter growth rates were higher for both countries than in the previous quarter. In East Asia after a strong recovery, Japan's manufacturing growth declined from -2 percent in the third quarter to -2.4 percent in the fourth one compared to the previous year. The manufacturing sector has benefited from the stimulus measures introduced by the government following the Tsunami disaster, however, the implications of the euro debt crisis and the floods in Thailand—an important component producer for Japan's manufacturing sector—seem to be outweighing these measures.

The manufacturing production of the Republic of Korea and Singapore rose by 5.6 percent and 9.2 percent, respectively.

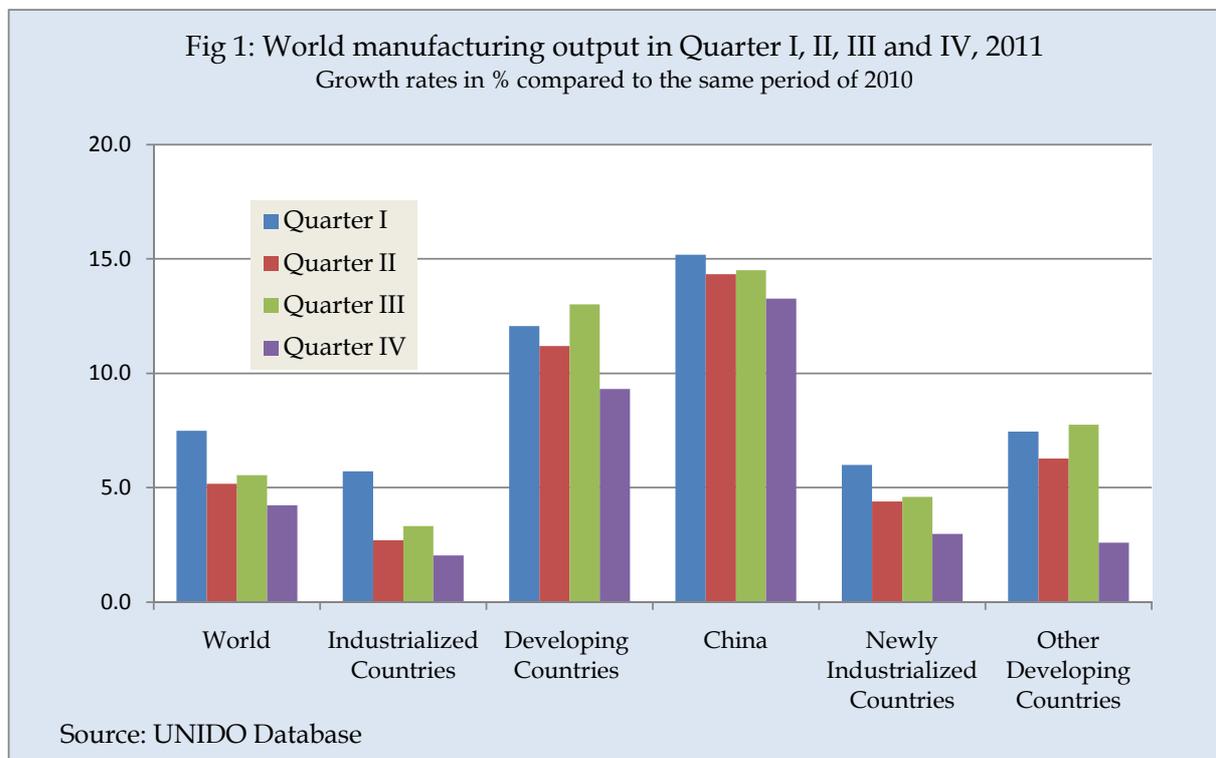
The manufacturing output of developing countries increased at a relatively high rate of 9.2 percent. A number of major developing economies, which heavily rely on the export of their manufactured goods, were affected by the sluggish demand in external markets. Within the group of developing countries China's manufacturing sector continued to enjoy very strong growth (13.1 percent). The newly industrialized countries grew at a rate of 3 percent. On the regional level, Asia's growth was estimated at 11 percent, Latin America's at 1.7 percent and the other developing countries at 4.9 percent.

Manufacturing growth in major developing economies, with the exception of China, was below 5 percent. Argentina's manufacturing output rose by 3.4 percent, India's by 4.1 percent, Indonesia's by 2.3 percent and Mexico's by 4.9 percent. However, Brazil's manufacturing output fell by 1.9 percent compared to the same period of the previous year.

Among other developing economies, a manufacturing output growth by 3.0 percent was observed in Columbia, by 5.3 percent in Malaysia, by 4.9 percent in Turkey and by 3.2 percent in Vietnam. Manufacturing output fell in Jordan, Morocco

and Tunisia, however, a significant level of growth was observed in Egypt (9.9 percent), which seems to be on a path of consolidation following the Arab spring.

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



By industry groups

Production indices were also compiled for manufacturing sectors at the 2-digit ISIC level for both industrialized and developing countries.

The highest growth rates in manufacturing on the global level compared to the same period of 2010 were found in the medium-high and high-technology sectors, especially in transport equipment manufacturing. The automotive sector grew by 8.1 percent and other transport equipment sectors by 10.2 percent. A number of resource-based sectors maintained high growth rates in the fourth quarter: basic metals (6.1 percent), non-metallic mineral products (6 percent), leather products (5.7 percent) and food products (5.1 percent). Negative growth was found in paper products (-0.2 percent) and the printing and publishing sector (-1.1 percent).

Not surprisingly, industrialized countries had higher growth performance in high-technology industries, especially in machinery and equipment, medical, optical and precision equipment, motor vehicles and other transport equipment. Both Japan and the United States performed quite well in the automotive industry. Motor vehicle production in Japan grew by 11.1 percent in the fourth quarter of 2011. In the same period, US automobile manufacturers increased production by 4.3 percent. Similarly, motor vehicle production rose in the Republic of Korea by 5.9 per cent. However, European countries' performance was much lower. Motor vehicle production increased by 3.8 percent in Germany (compared to 18 percent over the first three quarters) and dropped by 5.5 percent and 2.6 percent in France and Italy, respectively. The manufacture of transport equipment was also the strongest growing sector in Russian manufacturing with a 24.6 percent growth compared to the same period of last year. However, only a slight growth rate of 1 percent and 2.9 percent, respectively, was reported for the food and beverages and the basic metals sectors which account for most of value added in Russia. The production of textiles, wearing apparel, paper and chemical products decreased in the majority of industrialized countries.

Developing countries had much higher growth rates than industrialized countries, but the difference was particularly significant in primary processing industries such as food and beverages, textiles, wearing apparel, paper products and fabricated metal products. A significant recovery in the production of wearing apparel was observed in Egypt, however, in most developing countries the strong growth rate of the wearing apparel sector over the last quarters has returned to pre-crisis levels.

The manufacture of food and beverages in Brazil increased slightly at a rate of 2.3 percent, which is an improvement over the first three quarters of 2011. The manufacture of petroleum products (-1.3 percent) and chemicals (-1.7 percent) followed the global pattern. However, Brazil did not benefit from the strong global growth in basic metals and the automotive sector with a decline of 1.7 and 2.8 percent, respectively.

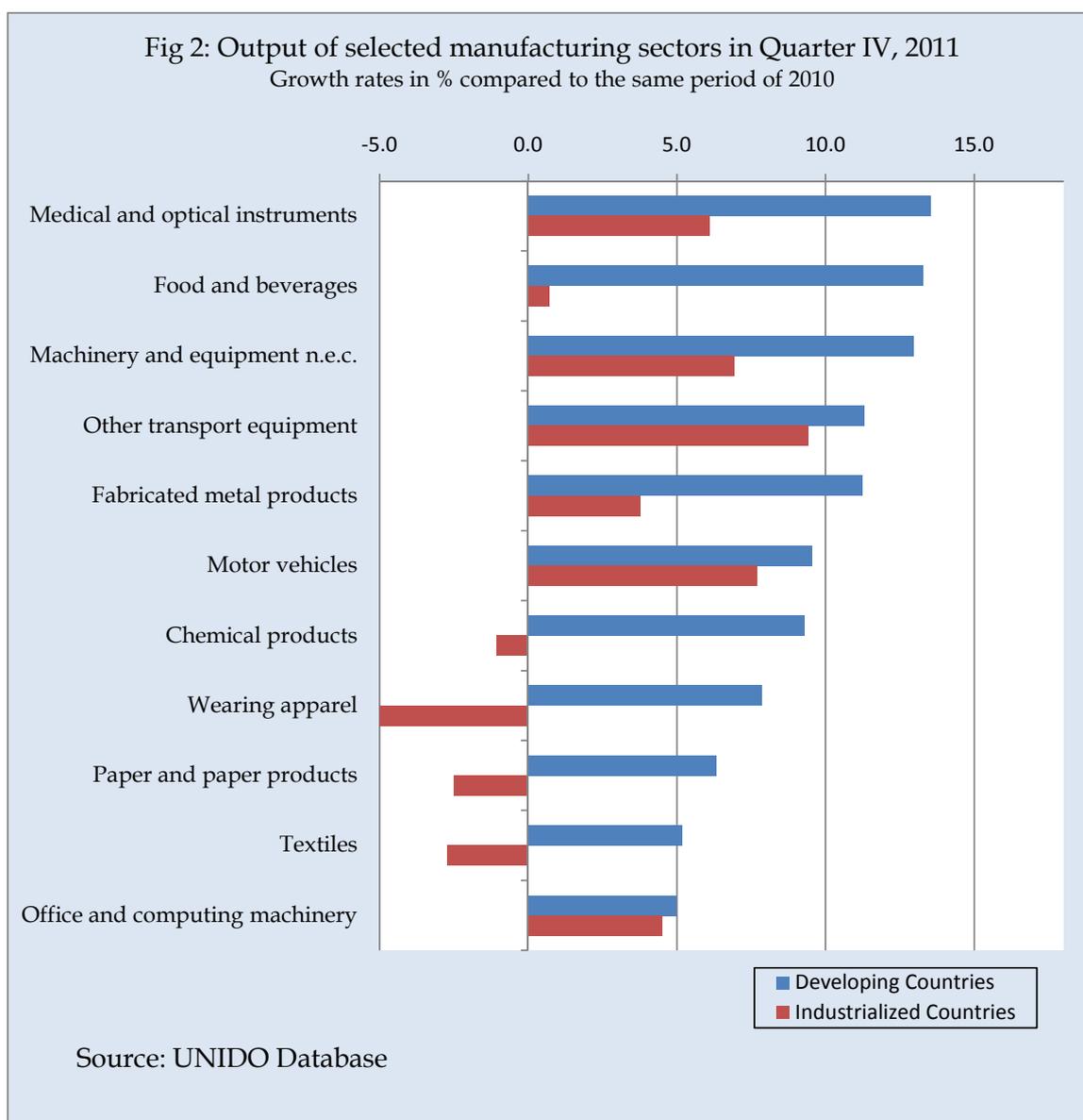
China reported growth rates of 10 percent or more for all sectors except tobacco (8.6 percent) and petroleum refineries (4.1 percent).

Contrary to global figures, India only experienced moderate growth in the manufacture of basic metals (3.9 percent compared to 14 percent in the first three quarters), which is the sector contributing most to India's value added. Very high growth rates were found in a number of low-technology (food, tobacco, publishing

and printing) as well as high-technology sectors (medical and precision instruments, transport equipment). Strong negative growth was observed in electrical machinery (-44 percent).

The trend of developing countries to maintain high growth rates in traditional low-technology and resource-based sectors, such as food and beverages, textiles and wearing apparel, but also in high-tech sectors, such as the production of communication equipment, machinery and transport equipment, was significant in all quarters of 2011 and reflects further detachment from the economic situation in industrialized countries.

The sector-wise growth for selected manufacturing sectors is depicted in Fig. 2 as well as in Tables 2 and 3, which are presented in the Annex.



Annex: Statistical tables

Table 1:
Estimated growth rates of world manufacturing output
Quarter IV, 2011

| | Share in world MVA ¹ (2010) | In per cent compared to: | |
|--------------------------------|--|--------------------------|------------------------------|
| | | Previous quarter | Same period of previous year |
| World | 100.0 | -0.7 | 4.2 |
| Industrialized Countries | 67.9 | 0.0 | 2.0 |
| North America | 24.8 | 0.9 | 4.1 |
| Europe | 23.5 | -1.1 | 1.4 |
| East Asia | 18.1 | 1.0 | -0.1 |
| Developing Countries | 32.1 | -2.2 | 9.2 |
| China | 15.4 | -4.5 | 13.1 |
| Newly industrialized countries | 12.8 | 2.1 | 3.0 |
| Other developing countries | 3.5 | 1.8 | 2.6 |

¹For further details on manufacturing output distribution worldwide, see UNIDO publication *International Yearbook of Industrial Statistics*, 2012.

Table 2:

Estimated growth rates of output by manufacturing sector

Quarter IV, 2011

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

| | Developing Countries | Industrialized Countries | World |
|--|----------------------|--------------------------|-------|
| Food and beverages | 13.4 | 0.6 | 5.1 |
| Tobacco products | 7.7 | 4.5 | 7.0 |
| Textiles | 5.7 | -2.8 | 3.2 |
| Wearing apparel, fur | 8.1 | -6.0 | 4.3 |
| Leather, leather products and footwear | 6.4 | 3.8 | 5.7 |
| Wood products (excl. furniture) | 12.5 | 1.0 | 3.7 |
| Paper and paper products | 6.1 | -2.5 | -0.2 |
| Printing and publishing | 12.2 | -3.0 | -1.1 |
| Coke, refined petroleum products | 1.4 | -0.1 | 0.7 |
| Chemicals and chemical products | 9.2 | -1.1 | 1.8 |
| Rubber and plastics products | 7.8 | 0.3 | 2.7 |
| Non-metallic mineral products | 11.7 | 1.3 | 6.0 |
| Basic metals | 9.6 | 1.7 | 6.1 |
| Fabricated metal products | 11.3 | 3.8 | 5.4 |
| Machinery and equipment n.e.c. | 11.5 | 6.9 | 8.3 |
| Office, accounting and computing machinery | 4.8 | 4.5 | 4.5 |
| Electrical machinery and apparatus | 6.2 | -0.7 | 2.6 |
| Radio, TV and communication equipment | 12.5 | -10.6 | 0.6 |
| Medical, precision and optical instruments | 13.4 | 6.2 | 6.8 |
| Motor vehicles, trailers, semi-trailers | 9.5 | 7.8 | 8.1 |
| Other transport equipment | 11.0 | 9.5 | 10.2 |
| Furniture; manufacturing n.e.c. | 11.9 | 1.7 | 6.2 |
| Total manufacturing | 9.2 | 2.0 | 4.2 |

Table 3:

Estimated growth rates of output by manufacturing sector

Quarter IV, 2011

(in per cent compared to Quarter III of 2011)

| | Developing Countries | Industrialized Countries | World |
|--|----------------------|--------------------------|-------|
| Food and beverages | 5.3 | 0.1 | 2.0 |
| Tobacco products | -7.7 | 0.2 | -6.2 |
| Textiles | -4.1 | -1.9 | -3.5 |
| Wearing apparel, fur | -1.1 | -3.5 | -1.7 |
| Leather, leather products and footwear | -1.1 | -0.2 | -0.8 |
| Wood products (excl. furniture) | -3.6 | 0.6 | -0.6 |
| Paper and paper products | -1.8 | -0.2 | -0.7 |
| Printing and publishing | 5.0 | -1.7 | -0.7 |
| Coke, refined petroleum products | -2.0 | -0.9 | -1.4 |
| Chemicals and chemical products | -1.6 | -0.7 | -0.9 |
| Rubber and plastics products | -1.4 | -0.3 | -0.7 |
| Non-metallic mineral products | -0.3 | -0.8 | -0.5 |
| Basic metals | -5.0 | 0.3 | -2.9 |
| Fabricated metal products | -3.9 | 0.1 | -0.8 |
| Machinery and equipment n.e.c. | -4.1 | -0.9 | -1.9 |
| Office, accounting and computing machinery | -6.1 | -0.3 | -0.8 |
| Electrical machinery and apparatus | -5.5 | -2.4 | -4.0 |
| Radio, TV and communication equipment | -6.6 | -6.5 | -6.6 |
| Medical, precision and optical instruments | -2.9 | -3.6 | -3.5 |
| Motor vehicles, trailers, semi-trailers | 2.6 | 1.3 | 1.6 |
| Other transport equipment | -2.4 | 2.4 | -0.1 |
| Furniture; manufacturing n.e.c. | -2.1 | -1.7 | -1.9 |
| Total manufacturing | -2.2 | 0.0 | -0.7 |

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

| | Share in world MVA ² (2010) | In per cent compared to: | |
|--------------------------------|--|--------------------------|---------------------------------|
| | | Previous quarter | Same period of previous year |
| World | 100.0 | 0.0 | 5.6 |
| Industrialized Countries | 67.9 | 1.1 | 3.3 |
| North America | 24.8 | 1.2 | 4.0 |
| Europe | 23.5 | 0.6 | 4.2 |
| East Asia | 18.1 | 2.3 | 0.0 |
| Developing Countries | 32.1 | -2.3 | 10.8 |
| China | 15.4 | -3.5 | 14.5 |
| Newly industrialized countries | 12.8 | -0.2 | 4.0 |
| Other developing countries | 3.5 | -0.5 | 5.9 |

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