



UNITED NATIONS
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PRS NEWSLETTER

Policy Research and Statistics Department

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Dear Readers,

Welcome to our first newsletter of 2022!

I would like to start by reflecting on last year's impressive accomplishments, which were all made possible by the commitment of PRS. They included the completion of two UNIDO flagship publications [Industrial Development Report 2022](#) and the [International Yearbook of Industrial Statistics 2021](#), as well as numerous other publications. 2021 further consolidated the [Industrial Analytics Platform](#) (IAP), and it was selected as an example of good practices under the 2nd Open Call for SDG Good Practices, Success Stories and Lessons Learned. Finally, we participated and contributed to numerous webinars and meetings around the globe. Our challenge now is to maintain this tremendous momentum. I am confident that PRS will successfully capitalize on its successes, and continue to act as a significant catalyst in Member States' efforts to build back better. As I look through our past newsletters, the wealth of knowledge and expertise in priority areas is evident. It is this knowledge that will play a key role for developing countries, in particular, to adapt to the post-COVID-19 world and make use of the opportunities it may bring them. It will also support all Member States in their path to achieving inclusive and sustainable development.

Looking into the year ahead we will focus on progress with innovation. Our priority areas will include, among others, developments in the 4th Industrial Revolution and digitalization; global value chains and strengthening their resilience; the circular economy and green industry; innovation and product upgrading; industrial hubs and foreign investment, and gender and industrialization.

We hope you enjoy reading the newsletter and that it inspires you to delve deeper into PRS's work and contributions.

Hiroshi Kuniyoshi

Deputy to the Director General and Director ad interim of the Department of Policy Research and Statistics, EPR/PRS

Our newsletter mailings are a convenient way to stay connected and keep readers up to date on PRS's latest news. Previous editions of the newsletter are available [here](#).

We welcome any feedback, comments and suggestions for further improvements at prsnewsletter@unido.org.

PUBLICATIONS

Journal articles

[Too much energy - The perverse effect of low fuel prices on firms](#)

By M. Calì, N. Cantore (UNIDO), L. Iacovone, M. Pereira-López, and G. Presidente

This article, which appeared in the [Journal of Environmental Economics and Management](#), Vol. 111, provides novel evidence on the impact of changes in energy prices on manufacturing performance in two large developing economies, Indonesia and Mexico. It finds that unlike increases in electricity prices, which harm plants' performance, fuel price hikes result in higher productivity and profits of manufacturing plants. The results of instrumental variable estimation imply that a 10 per cent increase in fuel prices would lead to a 1.6 per cent increase in total factor productivity for Indonesian and a 1.4 per cent increase for Mexican plants. These effects are driven by the incentives fuel price increases provide to plants to replace inefficient fuel-powered- with more productive electricity-powered capital equipment. These results help re-evaluate the policy trade-off between reducing carbon emissions and improving economic performance, particularly in countries with large fuel subsidies such as Indonesia and Mexico.

Working Papers

[Measuring and benchmarking the green industrial performance of countries and economies: the GIP index](#)

By J. Moll de Alba (UNIDO) and V. Todorov (former UNIDO staff)

This Working Paper discusses the basic concepts of green industrial products and activities that underpin the Green Industrial Performance (GIP) index. It presents the most recent version of the GIP index which allows policymakers and practitioners to analyse and compare countries' performance in green manufacturing over time. A unique database derived exclusively from international data sources is constructed. The GIP database is used to compute the GIP composite index and to rank and analyse the green industrial performance of a set of 112 countries for the period 2000–2017. Five industrialized economies—all European, namely Switzerland, Denmark, Germany, Czechia and Austria—topped the GIP index in 2017. The study also finds that changes in GIP performance are not very frequent and take time.

IAP Articles

3D printing: The final frontier for international trade in goods?

By A. Andrenelli and J. Lopez-Gonzalez

The links between countries' imports of 3D printers and their trade in 3D printable goods are explored, taking into account additional factors that may influence international trade in those products, including gross domestic product (GDP) per capita, research and development (R&D) expenditure and foreign direct investment (FDI) inflows. The results suggest that, to date, there does not appear to be a trade-off between 3D printing and the regular trade in goods – on the contrary, the evidence suggests that it might actually complement trade in goods. Specifically, 3D printing technology appears to hold benefits in the form of greater trade in goods that can be 3D printed, including higher technology exports from developing countries (e.g. orthopaedic appliances, aircraft parts, medicines).

Trade insurance matters more in times of uncertainty


By M. Crozet, B. Demir and B. Javorcik

Times of crises, be they economic or financial, are often associated with a decrease in international trade. Uncertainty played an important role in driving the trade collapse since trade flows insured by letters of credit (LCs) were more resilient than other flows. In other words, product reliance on LCs has a direct impact on the resilience of trade flows, especially the export of products insured through LCs. By contrast, financial crises that negatively affect the supply of LCs are associated with a greater decline in trade of LC-intensive goods. These patterns highlight the importance of distinguishing between different causes of crisis-related drops in international trade to forecast future recoveries.

How can we close the industrial skills gap?

By V. Stucki (UNIDO) and J. Moll de Alba (UNIDO)

Unlocking the manufacturing sector's potential in developing countries hinges on a number of enabling factors, not least on the availability of a workforce with the appropriate skills and education. Yet an increasingly automated workplace calls for a new skill set. Future industrial workers will need to be more creative, flexible and possess technological know-how to thrive in the new reality. This necessitates a complete overhaul of vocational training, not just a simple upgrade of existing skills. Such an overhaul can only be achieved through integrated industrial and educational policies and investments in technology and skills under a single coordinated strategy. Bringing public, private and development actors together means that the strengths of each stakeholder can be drawn upon to identify needs, determine priorities and leverage funding in support of joint outcomes.



RECENT EVENTS

[UNIDO industrial diagnostics study presented at stakeholder meeting in Guinea, 21 December 2021](#)

In collaboration with Guinea's Ministry of Commerce, Industry and Small and Medium Enterprises as well as private sector representatives, UNIDO's industrial diagnostics team conducted a diagnostic assessment to inform the country's industrial policymaking process. The findings of the study were discussed on Day 2 of the *Salon de l'industrie*, held under the auspices of the Ministry of Commerce, Industry and Small and Medium Enterprises in collaboration with UNIDO. PRS's Nicola Cantore presented the main findings of the industry diagnostic, which examined the situation of specific industries and individual manufacturing firms on the macro level. Cantore emphasized that Guinea's economy, which is heavily dependent on the production and export of minerals, would benefit from diversification, thereby reducing the country's vulnerability to market shocks and expanding its range of business opportunities for value-added creation. The country's medium to long-term structural change process could be triggered by building on existing capabilities and transforming domestic raw materials, thereby creating longer value chains connecting the primary sector to other, more modern productive activities. In a second presentation, PRS's Frank Hartwich elaborated the role UNIDO can play in supporting the government-led industrial policymaking process to transform the country through inclusive and sustainable industrial development. Hartwich stated that UNIDO is ready to support strategy formulation as well as policy design and implementation in Guinea, focusing in particular on strengthening local policymaking capacities based on evidence.

PROGRAMMES AND PROJECTS

[Policy training](#)

[Online course on value chain diagnostics for policymaking](#)

RPA has revised the Division's online course on value chain diagnostics for policymaking and has developed a completely new, updated version that includes value chain strategy development. The course provides guidance on defining the components necessary for developing and upgrading specific industrial value chains. It places particular emphasis on the value chain's processing and manufacturing segment with its downstream (market) and upstream (supplies) relationships. Based on such diagnostics, programme designers, project managers, or other stakeholders engaged in value chain development in the private, public and development/NGO sector can take a "wide angle snapshot" of the value chain and constraints to and opportunities for its development. The information provided helps stakeholders make strategic decisions at the programme or project level to implement development support measures at different points of the value chain. Due to its integrated character, this diagnostic tool also enables various entities in governments and the development community to join forces and cooperate in the

development of value chains. The course is an online self-study course, accompanied by a tutor. It consists of self-paced learning modules, further reading, assignments and a final quiz. It runs on UNIDO's e-learning platform and can be accessed at <https://learning.unido.org/course/view.php?id=107> (password: VCD2022).

Statistics

Status of the revision of the *International Standard Industrial Classification of All Economic Activities (ISIC)*

ISIC is the international reference classification of productive activities. Its main purpose is to provide a set of activity categories that can be utilized for the collection and reporting of statistics according to such activities. The current structure of ISIC (Rev. 4) was adopted in 2006. Since then, globalization and digitalization have changed the way many economic activities provide goods and services. New activities have gained while others have lost in importance in the global economy. Rapid and dynamic changes have taken place in information technology which need to be reflected in the classifications. In addition, the increased awareness of the economy's impact on the environment has generated specialized activities to protect the environment.

UNIDO's Statistics Division is a member of an international task team under the auspices of the United Nations Statistical Commission (UNSC) addressing these issues and contributing to discussions and the preparation of the ISIC revision based on inputs from all over the world. Important milestones have recently been reached (launch of a global consultation in January 2022) and the results will be presented in the forthcoming UNSC meeting in March 2022. Work on this very important issue will continue in 2022. A complete structure of the revised ISIC, together with the explanatory notes, is expected to be submitted to the UNSC for approval in 2023.
