

1И//612162К(039)

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**UNCTAD**

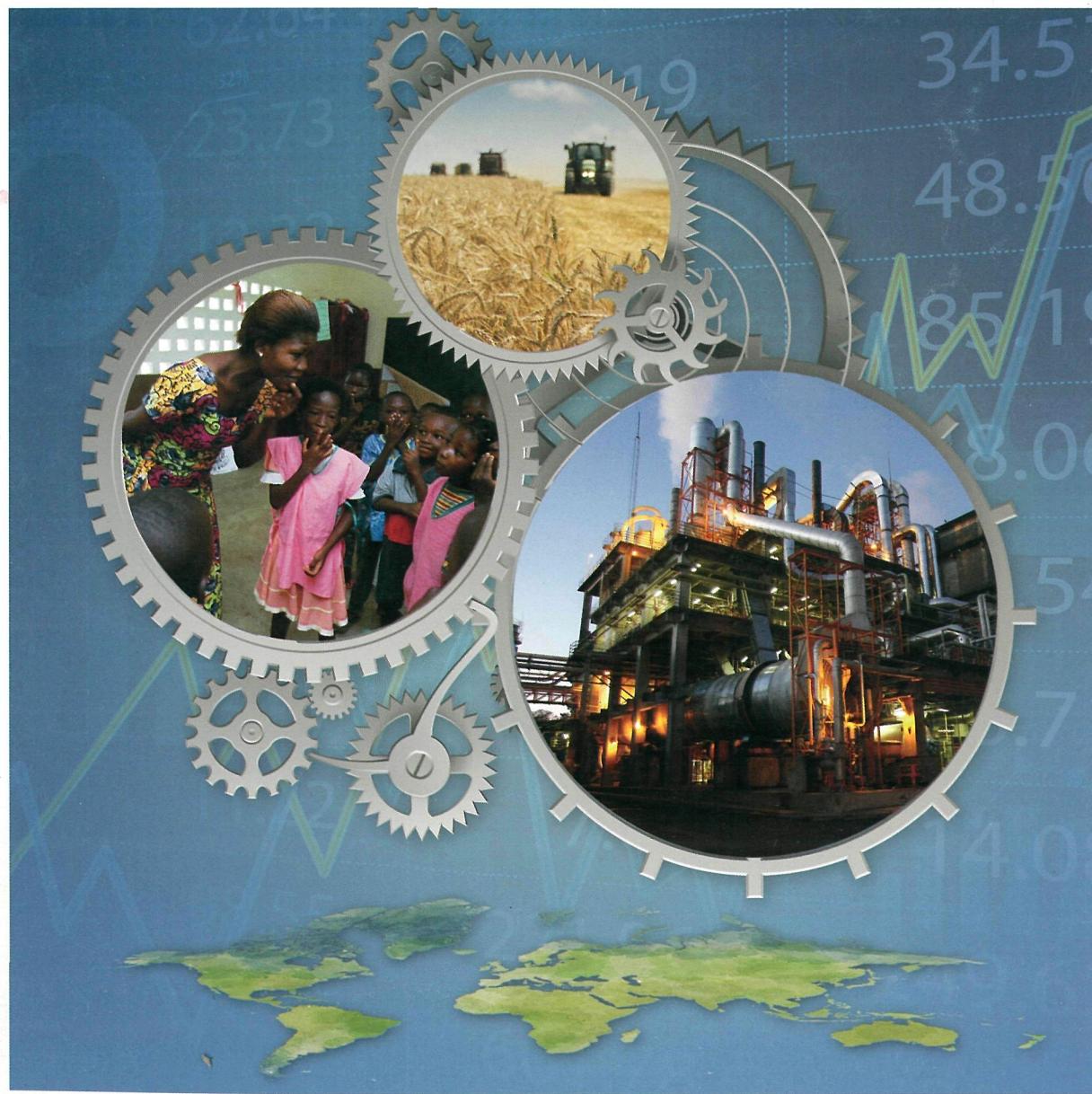


# TRADE AND DEVELOPMENT REPORT, 2016

Structural transformation  
for inclusive  
and sustained growth



UNITED NATIONS



## Contents

---

	<i>Page</i>
<i>Explanatory notes</i> .....	<i>xiii</i>
<i>Abbreviations</i> .....	<i>xv</i>
<i>OVERVIEW</i> .....	<i>I–XV</i>

---

### *Chapter I*

---

<b>CURRENT TRENDS AND CHALLENGES IN THE WORLD ECONOMY</b> .....	<b>1</b>
<b>A. A year of living dangerously</b> .....	<b>1</b>
<b>B. Recent trends in the world economy</b> .....	<b>4</b>
1. Growth performance.....	4
2. International trade.....	8
3. Recent developments in commodity markets.....	11
4. International capital flows to developing economies .....	15
<b>C. The slowdown of global trade</b> .....	<b>17</b>
1. Preliminary observations on the causes of the trade slowdown.....	18
2. Global trade in the context of international production networks.....	20
3. Summing up and implications for the global outlook .....	24
<b>Notes</b> .....	<b>27</b>
<b>References</b> .....	<b>29</b>

---

### *Chapter II*

---

<b>GLOBALIZATION, CONVERGENCE AND STRUCTURAL TRANSFORMATION</b> .....	<b>31</b>
<b>A. Introduction</b> .....	<b>31</b>
<b>B. Globalization and convergence</b> .....	<b>33</b>
<b>C. Structural transformation: The missing link(s)</b> .....	<b>43</b>
<b>D. A global enabling environment?</b> .....	<b>47</b>
<b>E. Conclusions</b> .....	<b>51</b>
<b>Notes</b> .....	<b>52</b>
<b>References</b> .....	<b>53</b>

---

*Chapter III***THE CATCH-UP CHALLENGE: INDUSTRIALIZATION AND STRUCTURAL CHANGE..... 57**


---

<b>A. Introduction.....</b>	57
<b>B. The case for developing manufacturing industries.....</b>	58
1. The virtues of manufacturing .....	58
2. Knowledge linkages and productivity growth.....	60
<b>C. Trends in structural change since 1970.....</b>	61
1. Long-term trends .....	61
2. Impact of structural change and investment on aggregate productivity.....	67
<b>D. Successful and stalled industrialization and premature deindustrialization .....</b>	76
1. Catch-up industrialization.....	76
2. Stalled industrialization .....	78
3. Premature deindustrialization.....	82
<b>E. Making the primary and tertiary sectors work for structural transformation.....</b>	83
1. The role of the primary sector in structural change.....	83
2. Making commodity export revenues work for structural transformation.....	84
3. The role of services in structural transformation.....	86
<b>F. Conclusions.....</b>	89
<b>Notes.....</b>	90
<b>References.....</b>	92

---

*Chapter IV***REVISITING THE ROLE OF TRADE IN MANUFACTURES IN INDUSTRIALIZATION..... 97**


---

<b>A. Introduction.....</b>	97
<b>B. A preliminary framework .....</b>	98
<b>C. Trends in international trade by region.....</b>	101
1. General trends.....	101
2. Trade in manufactures .....	106
<b>D. Structural transformation, productivity growth and trade.....</b>	110
1. Trade in manufactures, value added and structural transformation.....	110
2. Growth in labour productivity and trade in manufactures.....	113
3. Export sophistication and diversification .....	115
<b>E. Global value chains, industrial upgrading and structural transformation.....</b>	118

---

	Page
<b>F. Gender, industrialization, trade and employment</b> .....	122
1. Export orientation and women's employment.....	122
2. Employment elasticity of export-oriented manufacturing.....	124
<b>G. The past and future of pricing power</b> .....	128
<b>H. Conclusions</b> .....	131
<b>Notes</b> .....	133
<b>References</b> .....	134

---

*Chapter V*

<b>PROFITS, INVESTMENT AND STRUCTURAL CHANGE</b> .....	139
<b>A. Introduction</b> .....	139
<b>B. The profit-investment nexus revisited</b> .....	141
<b>C. Corporate strategies: Refocusing and financialization</b> .....	146
<b>D. The corporate investment environment in developing countries</b> .....	149
1. Challenging macroeconomic conditions for private investment .....	151
2. Microeconomic trends: Incipient corporate financialization in developing countries?.....	155
3. Structural transformation and finance for investment: Sectoral patterns of (financialized) investment.....	160
<b>E. Reinvigorating investment in developing countries</b> .....	162
1. Tackling global financial instability and corporate financialization.....	162
2. Establishing a functioning profit-investment nexus in the context of catch-up development.....	164
3. Combating tax avoidance, evasion and capital flight.....	166
<b>F. Conclusions</b> .....	168
<b>Notes</b> .....	169
<b>References</b> .....	171

---

*Chapter VI*

<b>INDUSTRIAL POLICY REDUX</b> .....	175
<b>A. Introduction</b> .....	175
<b>B. Reassessing the scope of industrial policy</b> .....	176
1. The long history of State-sponsored structural transformation .....	176
2. Learning from successes and failures.....	177

---

<b>C. The varying geometry of State-business relations .....</b>	179
1. Institutions of the developmental State .....	179
2. Government-business relations .....	181
3. Support, performance and discipline .....	182
<b>D. Reassessing the tools of industrial policy.....</b>	185
1. Targeting active and passive industrial policies .....	185
2. Managing rents .....	188
3. Strengthening learning capabilities .....	188
<b>E. Integrating trade, macroeconomic and structural policies.....</b>	191
1. A strategic approach to the role of international trade.....	191
2. Macroeconomic matters .....	193
3. Reviving the profit-investment nexus.....	196
4. Policies to better integrate the primary sector .....	197
<b>F. Conclusions.....</b>	198
<b>Notes.....</b>	199
<b>References.....</b>	201

---

*Annex to chapter VI*

---

<b>Growth and Structural Change: An Updated Assessment of the Role of the Real Exchange Rate .....</b>	205
--	-----

---