OECD

THE IMPACT OF THE NEWLY INDUSTRIALISING COUNTRIES

on Production and Trade in Manufactures

REPORT BY THE SECRETARY-GENERAL

AME/ INTO

PARIS 1979 *

TECHNISCHE HOCHSCHULE DARMSTADT

lav Nr.

H5784

NIRTSCHAFTSPOLITIK (VWL II)

VB TU Darmstadt

VB TU Darmstadt

TABLE OF CONTENTS

SUMMARY AND CONCLUSIONS 6 I. Summary of Findings 6 II. Policy Conclusions. 12 The Advanced Industrial Countries (AICs). 14 The Newly Industrialising Countries (NICs) 16 Concluding Remarks 17 Section I SHIFTS IN THE PATTERN OF OUTPUT AND TRADE Definition of the Newly Industrialising Countries 18 OECD Imports of Manufactures 22 OECD Exports of Manufactures 26 The OECD Trade Surplus in Manufactures 26 The Position of Individual OECD Countries 29 Section II THE FACTORS AT WORK 32 Comparative Advantage and the Product Cycle 32 The Internationalisation of Production Processes 33 Recent Distortions in the Process of Structural Change 34 Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES 36 The Role of Trade Policies 36 Employment 40
II. Policy Conclusions. 12 The Advanced Industrial Countries (AICs). 14 The Newly Industrialising Countries (NICs). 16 Concluding Remarks. 17 Section I SHIFTS IN THE PATTERN OF OUTPUT AND TRADE. 18 Definition of the Newly Industrialising Countries. 18 OECD Imports of Manufactures. 22 OECD Exports of Manufactures. 26 The OECD Trade Surplus in Manufactures. 28 The Position of Individual OECD Countries. 29 Section II THE FACTORS AT WORK 32 Comparative Advantage and the Product Cycle 32 The Internationalisation of Production Processes 33 Recent Distortions in the Process of Structural Change 34 **Section III* POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES 36 Employment 40
The Advanced Industrial Countries (AICs). 14 The Newly Industrialising Countries (NICs) 16 Concluding Remarks. 17 Section I SHIFTS IN THE PATTERN OF OUTPUT AND TRADE Definition of the Newly Industrialising Countries 18 OECD Imports of Manufactures 22 OECD Exports of Manufactures 26 The OECD Trade Surplus in Manufactures 28 The Position of Individual OECD Countries 29 Section II THE FACTORS AT WORK 32 Comparative Advantage and the Product Cycle 32 The Internationalisation of Production Processes 33 Recent Distortions in the Process of Structural Change 34 * ** Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES 36 The Role of Trade Policies 36 Employment 40
The Newly Industrialising Countries (NICs) 16 Concluding Remarks 17 Section I SHIFTS IN THE PATTERN OF OUTPUT AND TRADE Definition of the Newly Industrialising Countries 0ECD Imports of Manufactures 22 0ECD Exports of Manufactures 26 The OECD Trade Surplus in Manufactures 28 The Position of Individual OECD Countries 29 Section II THE FACTORS AT WORK 32 Comparative Advantage and the Product Cycle 32 The Internationalisation of Production Processes 33 Recent Distortions in the Process of Structural Change 34 * ** Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES 36 The Role of Trade Policies 36 Employment 40
Section I SHIFTS IN THE PATTERN OF OUTPUT AND TRADE 18
Section I SHIFTS IN THE PATTERN OF OUTPUT AND TRADE 18 Definition of the Newly Industrialising Countries 18 OECD Imports of Manufactures 22 OECD Exports of Manufactures 26 The OECD Trade Surplus in Manufactures 28 The Position of Individual OECD Countries 29 Section II THE FACTORS AT WORK 32 Comparative Advantage and the Product Cycle 32 The Internationalisation of Production Processes 33 Recent Distortions in the Process of Structural Change 34 Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES 36 Employment 36 Employment 40
SHIFTS IN THE PATTERN OF OUTPUT AND TRADE Definition of the Newly Industrialising Countries OECD Imports of Manufactures OECD Exports of Manufactures The OECD Trade Surplus in Manufactures The Position of Individual OECD Countries Section II THE FACTORS AT WORK Comparative Advantage and the Product Cycle The Internationalisation of Production Processes Recent Distortions in the Process of Structural Change Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES The Role of Trade Policies Employment 40
Definition of the Newly Industrialising Countries OECD Imports of Manufactures OECD Exports of Manufactures 22 OECD Exports of Manufactures 26 The OECD Trade Surplus in Manufactures 28 The Position of Individual OECD Countries 29 Section II THE FACTORS AT WORK 32 Comparative Advantage and the Product Cycle 32 The Internationalisation of Production Processes 33 Recent Distortions in the Process of Structural Change 34 Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES 36 The Role of Trade Policies 36 Employment 40
OECD Imports of Manufactures 22 OECD Exports of Manufactures 26 The OECD Trade Surplus in Manufactures 28 The Position of Individual OECD Countries 29 Section II THE FACTORS AT WORK 32 Comparative Advantage and the Product Cycle 32 The Internationalisation of Production Processes 33 Recent Distortions in the Process of Structural Change 34 Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES 36 Employment 36 Employment 40
OECD Exports of Manufactures 26 The OECD Trade Surplus in Manufactures 28 The Position of Individual OECD Countries 29 Section II THE FACTORS AT WORK 32 Comparative Advantage and the Product Cycle 32 The Internationalisation of Production Processes 33 Recent Distortions in the Process of Structural Change 34 Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES 36 The Role of Trade Policies 36 Employment 40
The OECD Trade Surplus in Manufactures The Position of Individual OECD Countries Section II THE FACTORS AT WORK Comparative Advantage and the Product Cycle The Internationalisation of Production Processes Recent Distortions in the Process of Structural Change Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES The Role of Trade Policies Employment 40
The Position of Individual OECD Countries 29 Section II THE FACTORS AT WORK 32 Comparative Advantage and the Product Cycle 32 The Internationalisation of Production Processes 33 Recent Distortions in the Process of Structural Change 34 Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES 36 The Role of Trade Policies 36 Employment 40
Section II THE FACTORS AT WORK Comparative Advantage and the Product Cycle The Internationalisation of Production Processes Recent Distortions in the Process of Structural Change Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES The Role of Trade Policies Employment 40
THE FACTORS AT WORK Comparative Advantage and the Product Cycle The Internationalisation of Production Processes Recent Distortions in the Process of Structural Change Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES The Role of Trade Policies Employment 32 Section III Advanced Industrial Countries 36 40
Comparative Advantage and the Product Cycle
The Internationalisation of Production Processes 33 Recent Distortions in the Process of Structural Change 34 ** Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES 36 The Role of Trade Policies 36 Employment 40
Recent Distortions in the Process of Structural Change
Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES 36 The Role of Trade Policies 36 Employment 40
Section III POLICIES AND PROBLEMS OF THE ADVANCED INDUSTRIAL COUNTRIES 36 The Role of Trade Policies 36 Employment 40
The Role of Trade Policies
The Role of Trade Policies
•
Section 17
POLICIES AND PROBLEMS OF THE NEWLY INDUSTRIALISING COUNTRIES
Outward-Looking Growth Policies
The Dynamics of the Growth Process. 50
The Role of NICs in World Trade. 53
Balance-of-Payments Adjustment
Steering between «Over» and «Under» Adjustment
or and the second secon
Annex Tables
ANNEXES
I. BIBLIOGRAPHY ON OUTWARD-LOOKING GROWTH82
II. MEASURING THE EMPLOYMENT EFFECTS OF CHANGES IN TRADE FLOWS: A SURVEY OF RECENT RESEARCH
·
I. Methodological Issues
II. The Country Studies
III. Conclusions
III. NOTES ON THE METHODOLOGY USED IN ESTIMATING THE EMPLOYMENT CONTENT OF OECD TRADE WITH THE NICs

LIST OF TABLES

1.	Geographical Distribution of World Industrial Production	18	19.	Summary Statistics on Employment Shares by Major	
2.	Geographical Distribution of World Exports of Manufac-			Industries in the Industrial Countries	44
	tures	19	20.	Changes in Employment Shares, 1963-76	44
3.			21.	Structural Characteristics of the NICs (1976)	47
	1950-1976	21	22.	Changes in Unit Labour Costs in Manufacturing Adjusted	
4.		23		for Changes in Effective Exchange Rates	49
5.			23.	Real Output and Demand in NICs	50
•	Commodity Groups, 1963 and 1977	24	24.	Investment Ratios of NICs	51
6.		26	25.	Use of External Savings by NICs	51
7.		27	26.	Structural Features of NIC Manufacturing Industry, 1974	52
8.	Volume of Total OECD Exports of Investment Goods.	28	27.	NICs Industrial Production and Imports of Raw Materials,	32
9.		29		1963-76	52
10.		29	28.	Contribution of the External Balance to the Growth of	72
11.		- '	20.	GDP	52
11.	Manufactures	30	29.	NICs' External Debt Position	53
12.		.,,	30.	NICs' Share in World Exports of Manufactures to Selected	33
14.	Manufactures between 1973 and 1977	30	50.	Areas	53
1.2		37	31.		33
13.		.) /	21.	tures	54
14.		38	32.		
	ping Countries	38	33.	NICs' Share of World Imports by Commodity Categories	54
13.	Manufacturing Employment in the OECD Area.	40	33.	The NICs Trade Balance in Manufactures in Main	
	1963-1977	40	2.4	Regions.	55
16.			34.	NICs' Trade Balances in Manufactures	55
	ment in OECD Countries	41	35.	Migrant Workers' Remittances, 1960-1976	55
17.			36.	Summary of NIC Balance of Payments	56
	Shedding ». Industries to Annual Average Growth Rates			A. Curent Balances	
	of Manufacturing Employment	42		B. , Capital Flows	
18.				C. Changes in Official Reserves	
	1963-1977	43			
	LI	ST OF	СНА	RTS ·	
Α.	OECD Imports of Manufactures - Trade Balances of OECD		C.		
	Countries with NICs in manufactures	7		Broad Commodity Groups, 1963 and 1977	9
В.	The state of the s		D.	Employment in Industry	20
	NICs	8			
				<i>"</i>	
				f	
				/	
	LICT ()	C A DDE	NIDE	X TABLES	
	LIST OF	APPE	וטאג	A TABLES	
I.	OECD Imports by Country or Area of Origin, 1963,		III.	Imports of Manufactures into Selected GECD Countries.	
••	1970-1977			by Country or Area of Origin, 1963, 1970-1977	
		0-67		(Seven countries and two groups of countries)	72-76
II.	OECD Exports by Country or Area of Destination, 1963.		IV.	Exports of Manufactures from Selected OECD Countries.	
	1970-1977 ——			by Country or Area of destination, 1963, 1970-1977	
	(Total Manufactures and 6 commodity groups) 68	8-71		(Seven countries and two groups of countries)	77-81