

Technology intensive industries recovering faster from COVID-19 impact

Global manufacturing production has stabilized following the economic disruptions caused by COVID-19, reaching its pre-crisis levels in September 2020. However, recent data indicate that regional recovery has varied due to renewed containment measures in many countries since the autumn. China's manufacturing production returned to high year-over-year growth rates since June, while many industrialized countries continue to report negative, but gradually improving year-over-year growth rates.

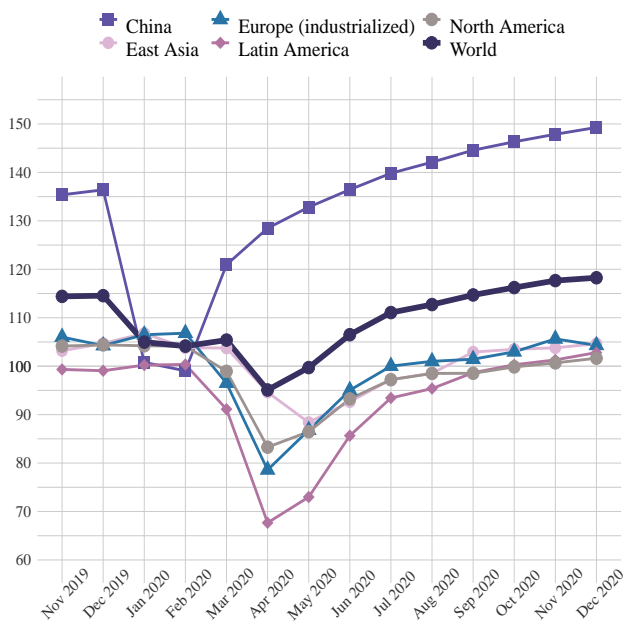


Figure 1: Index of world manufacturing output for selected regions (base 2015)

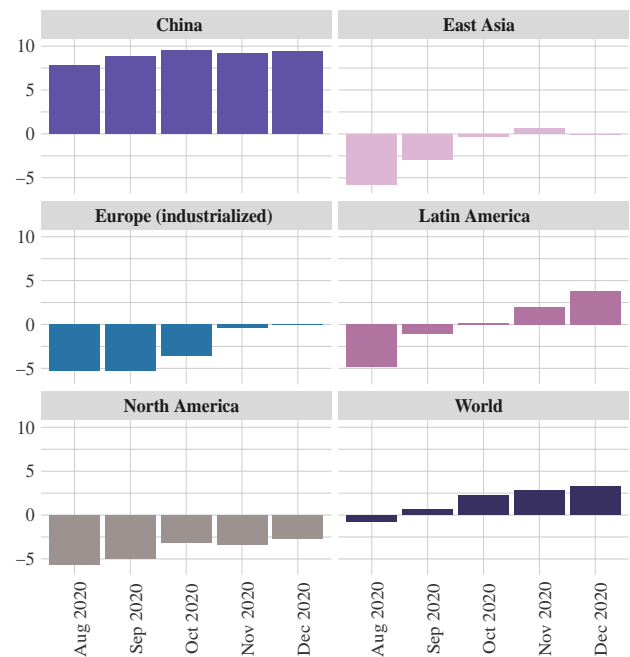


Figure 2: Growth of manufacturing output of selected regions, percentage change compared to the same period of the previous year

Figures 1 and 2 present manufacturing production worldwide and in selected country groups, and clearly depict the severe decline caused by the COVID-19 pandemic and the gradual recovery in the

second half of 2020. In December, world manufacturing production recorded a year-over-year growth rate of 3.2 per cent, attributable primarily to China’s positive performance. Taking a closer look at specific regions reveals diverging trends. China’s manufacturing sector recovered quickly, with a growth in production of over 9 per cent for the last three months. Production data for Latin America also indicate a recovery, with a year-over-year growth rate of 3.8 per cent in December 2020. By contrast, industrialized countries (grouped into North America, Europe and East Asia) continue to struggle with the ongoing economic and health crisis. Europe (+0.1 per cent) and East Asia (0.0 per cent) reported in December an output stagnation compared to the same month of 2019, whereas the output of North America decreased by 2.6 per cent. It remains to be seen how the health crisis will unfold and how soon the ongoing vaccination campaigns will further reinforce the incipient recovery.

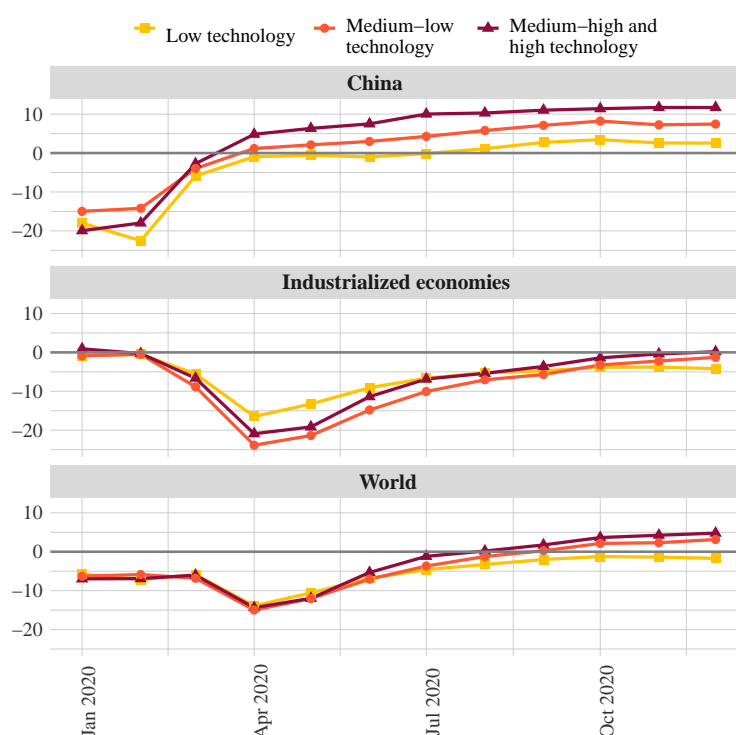


Figure 3: Estimated growth by technological intensity, percentage change compared to the same period of the previous year

Data on industries grouped by technological intensity (figure 3) reveal that medium-high and high-technology industries have recovered faster from the crisis than industries with lower techno-

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logical intensity. Some medium-high- and high-technology industries, such as basic pharmaceuticals, computer, electronic and optical products or motor vehicles, are already registering comparatively high rates of growth across the majority of country groups (figure 4). On the contrary, tobacco products, wearing apparel and leather products, as representatives of low technology industries, face production decreases across all country groups.

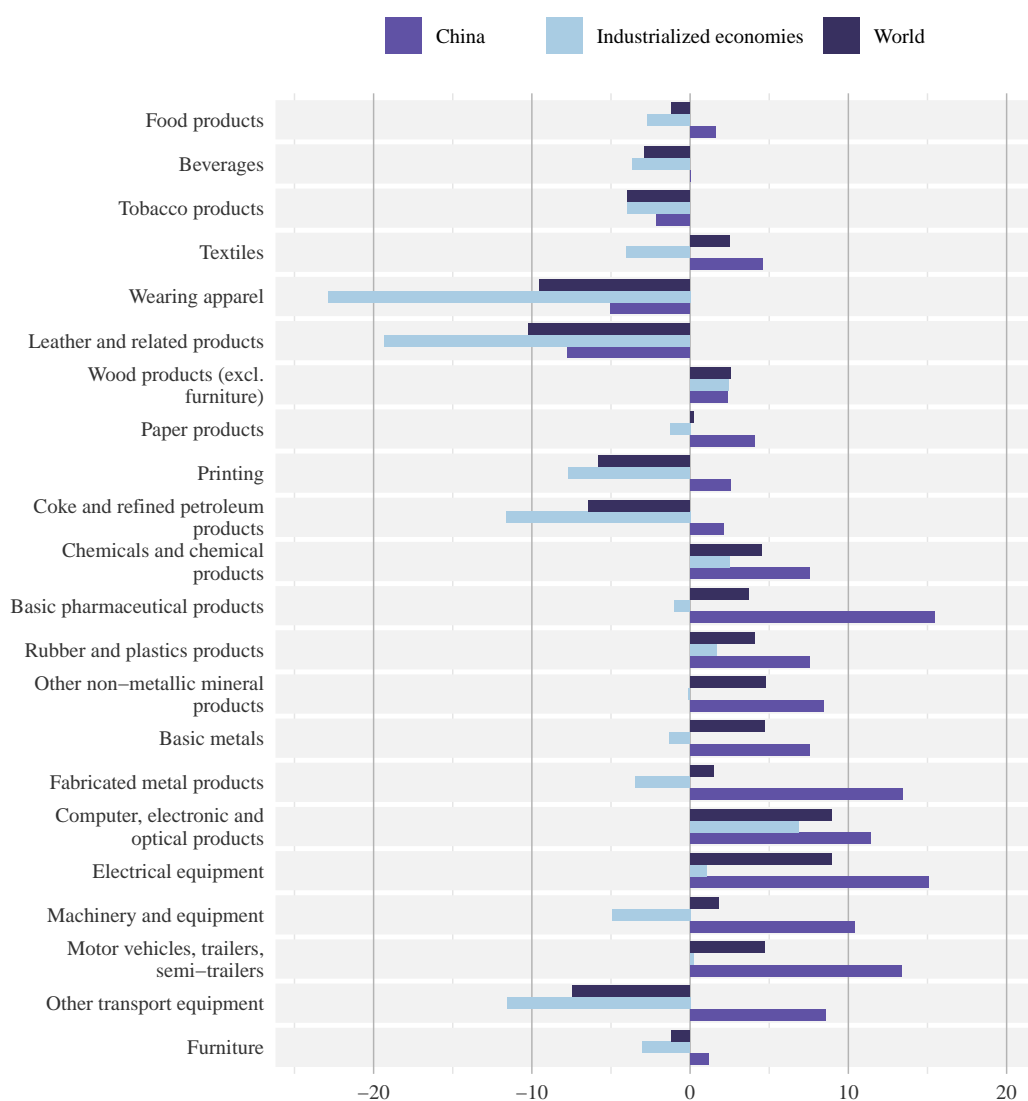


Figure 4: Estimated growth by industry, percentage change compared to the same period of the previous year, December, 2020

At the country level, most industrialized (figure 5) and developing or emerging industrial economies (Dev. and EIE, figure 6) registered a significant decrease in production due to COVID-19.

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Countries categorized as Dev. and EIE generally witnessed more intense production declines after the plunge in April 2020, but also seemed to recover faster than industrialized countries.

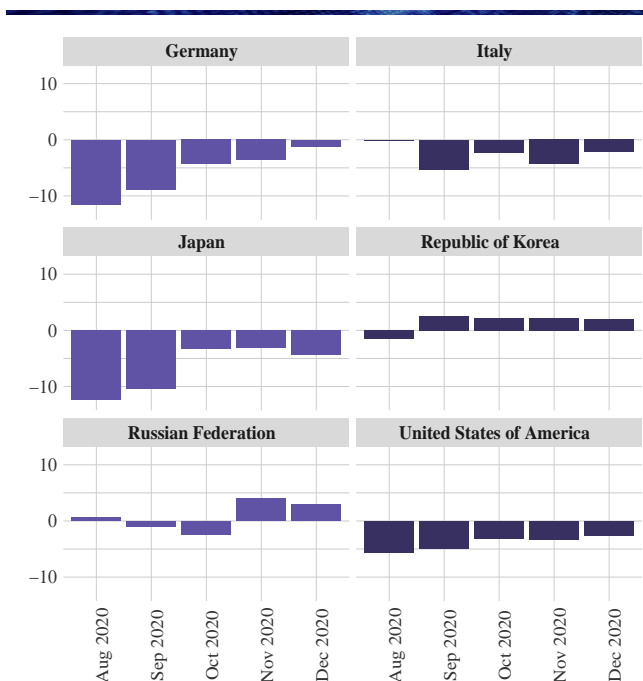


Figure 5: Growth of manufacturing output for selected industrialized economies, percentage change compared to the same period of the previous year

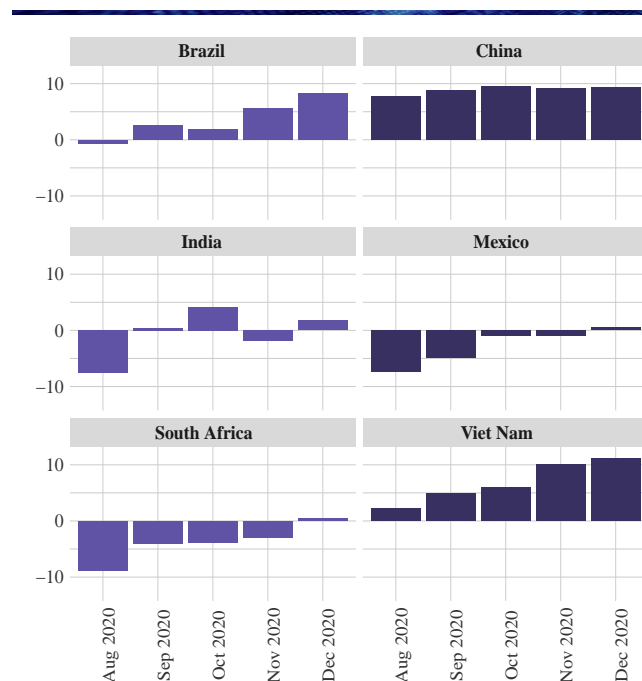


Figure 6: Growth of manufacturing output for selected developing and emerging economies, percentage change compared to the same period of the previous year

Methodological note: Preliminary index numbers of industrial production (base 2015) are derived from national statistical sources. UNIDO conducts seasonal adjustment where necessary and appropriate. The most recent monthly¹ or quarterly² data are available on the UNIDO Statistics data portal. Country coverage is limited due to data availability, with the aggregate of world manufacturing output including around 40 countries and a share of approximately 80 per cent of global manufacturing output. Information on the methodology of index numbers can be found in a methodological document³ as well as in a document on seasonal adjustment.⁴

¹<https://stat.unido.org/database/Monthly%20IIP>

²<https://stat.unido.org/database/Quarterly%20IIP>

³<https://stat.unido.org/content/publications/world-manufacturing-production-%2528methodological-note%2529>

⁴<https://stat.unido.org/content/publications/seasonal-adjustment-of-iip>

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Table 1

Estimated index of industrial production, selected country groups (base 2015)

	China	East Asia	Europe	Latin America	North America	World
Jan 2019	126.5	105.0	107.4	99.9	104.9	112.4
Feb 2019	126.5	104.7	107.9	100.7	104.4	112.4
Mar 2019	128.2	104.2	108.1	99.9	104.3	113.0
Apr 2019	126.8	105.6	107.2	101.1	103.4	112.5
May 2019	128.6	106.0	108.0	101.0	103.5	113.2
Jun 2019	130.2	104.9	106.9	99.9	104.1	113.0
Jul 2019	130.5	106.4	106.9	100.2	103.7	113.5
Aug 2019	131.8	104.6	106.6	100.3	104.4	113.5
Sep 2019	132.9	106.0	107.1	99.8	103.7	114.0
Oct 2019	133.6	103.8	106.8	100.1	103.1	113.7
Nov 2019	135.4	103.2	106.0	99.3	104.1	114.4
Dec 2019	136.4	104.7	104.2	99.1	104.4	114.6
Jan 2020	100.8	106.8	106.5	100.2	104.2	105.0
Feb 2020	99.0	103.8	106.8	100.4	104.1	104.1
Mar 2020	120.9	103.7	96.5	91.1	98.9	105.4
Apr 2020	128.5	94.6	78.6	67.7	83.3	95.1
May 2020	132.8	88.4	86.8	73.0	86.5	99.7
Jun 2020	136.4	92.7	95.0	85.7	93.2	106.5
Jul 2020	139.8	97.2	100.0	93.4	97.2	111.1
Aug 2020	142.1	98.5	101.0	95.4	98.5	112.7
Sep 2020	144.6	102.9	101.4	98.7	98.5	114.7
Oct 2020	146.3	103.5	103.0	100.3	99.8	116.2
Nov 2020	147.9	103.8	105.6	101.3	100.7	117.7
Dec 2020	149.3	104.6	104.3	102.8	101.6	118.3

Source: UNIDO Statistics.

Note: Seasonally adjusted data.