



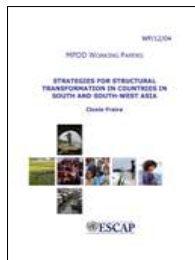
## Strategies for Structural Transformation in Countries in South and South-West Asia

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Clovis Freire  
Economic Affairs Officer  
Macroeconomic Policy and Development Division (MPDD)  
Economic and Social Commission for Asia and the Pacific (ESCAP)



### Based on:



- **MPDD Working Paper WP/12/04: Strategies for Structural Transformation in Countries in South and South-West Asia**
  - ESCAP Expert Group Meeting on Inclusive Development and Regional Cooperation in South and South-West Asia, held in New Delhi, 30-31 July 2012
  - SSWA: Afghanistan, Bangladesh, Bhutan, India, Iran (Islamic Republic of), Maldives, Nepal, Pakistan, Sri Lanka, and Turkey
  - Note: references are listed in the in the paper

## Content

- Introduction – structural transformation in SSWA
- Development, diversification and productive capacities
- Methodology and data
- Opportunities for diversification
- The role of the State

## SSWA - Little progress in structural transformation in the past 40 years

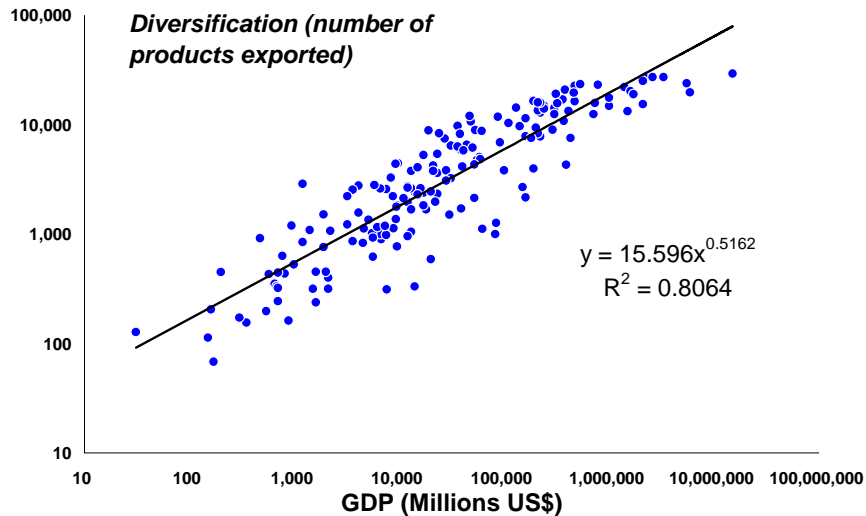
Share of South and South-West subregion on global production, trade and technology (percentage)

Indicator	1970	1980	1990	2000	2008	2009	2010
Population	21.31	22.41	23.84	25.09	25.80	25.87	25.95
Rural population	26.53	27.85	30.15	32.66	34.62	34.84	35.06
GDP	4.27	3.83	3.10	3.09	4.29	4.59	4.48
Manufacturing, value added	3.68	2.86	2.91	2.78	3.74	4.00	4.49
High-technology exports	-	-	0.17	0.29	0.56	0.83	0.76
Receipts of royalty and license fees	-	-	0.01	0.10	0.10	0.11	0.07
Scientific and technical journal articles	-	-	2.23	2.44	4.44	4.66	-

Source: Author based on data from the World Bank.

## Development is associated with diversification

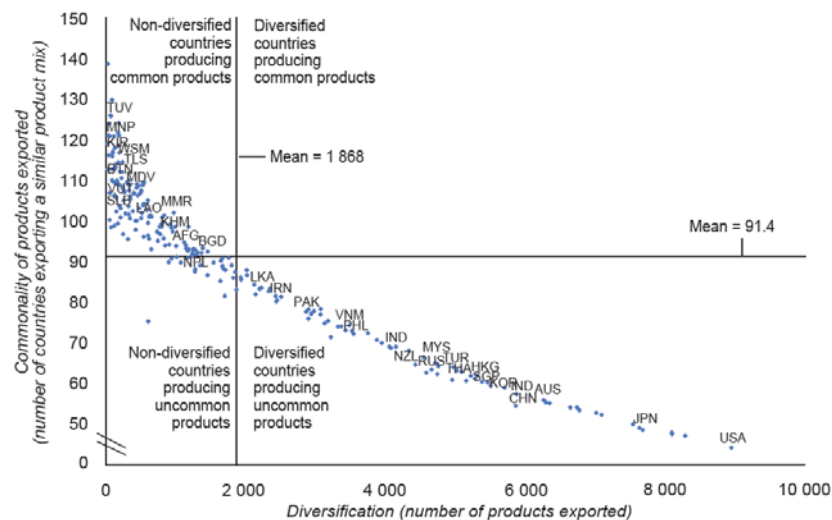
(Imbs and Wacziarg, 2003; Carrere et al, 2007; ESCAP, 2011)



Source: Author based on data from the United Nations Commodity Trade Statistics Database (COMTRADE) and from the World Bank's World Development Indicators.

## More diversified countries face lower competition

(ESCAP, 2011; Hausmann and Hidalgo, 2010)

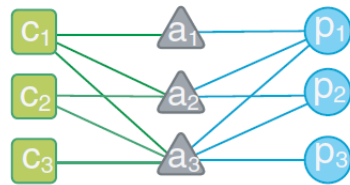


Source: ESCAP (2011), Economic and Social Survey 2011.

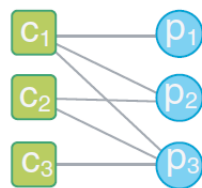
## Theoretical framework

(Hausmann and Hidalgo, 2010)

Countries Capabilities Products



Countries Products

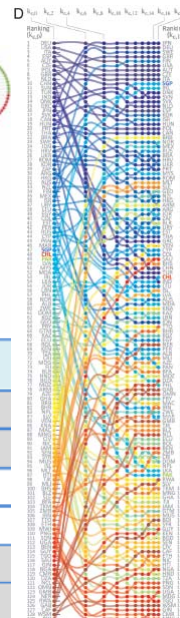
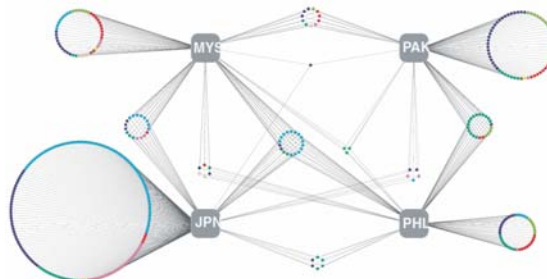


- Products require specific combinations of capabilities to be produced
- Countries have some capabilities but not others
- Countries will produce goods as long as they have all the required capabilities

Source: Hidalgo and Hausmann (2009)

## Method of reflections

Hidalgo and Hausmann (2009). *The building blocks of economic complexity.*



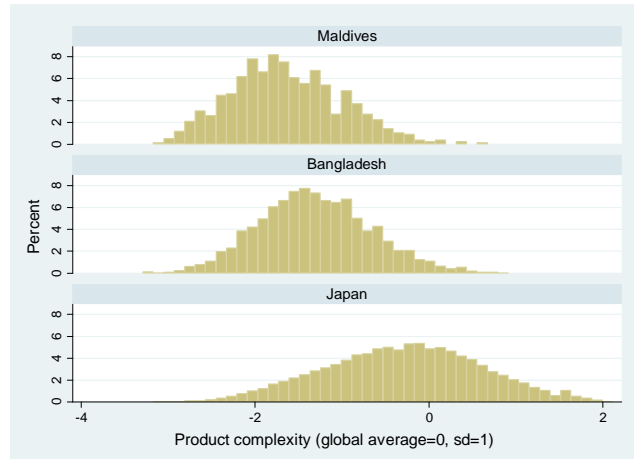
Definition	Working Name	Description: Short summary Question Form
$k_{a,0}$	Diversification	Number of products exported by country $a$ . How many products are exported by country $a$ ?
$\kappa_{a,0}$	Ubiquity	Number of countries exporting product $\alpha$ . How many countries export product $\alpha$ ?
$k_{a,1}$	$k_{c,1}$	Average ubiquity of the products exported by country $a$ . How common are the products exported by country $a$ ?
$\kappa_{a,1}$	$k_{p,1}$	Average diversification of the countries exporting product $\alpha$ . How diversified are the countries that export product $\alpha$ ?
$k_{a,2}$	$k_{c,2}$	Average diversification of countries with an export basket similar to country $a$ . How diversified are countries exporting goods similar to those of country $a$ ?
$\kappa_{a,2}$	$k_{p,2}$	Average ubiquity of the products exported by countries that export product $\alpha$ . How ubiquitous are the products exported by product's $\alpha$ exporters?

Source: Hidalgo and Hausmann (2009)

## Product complexity

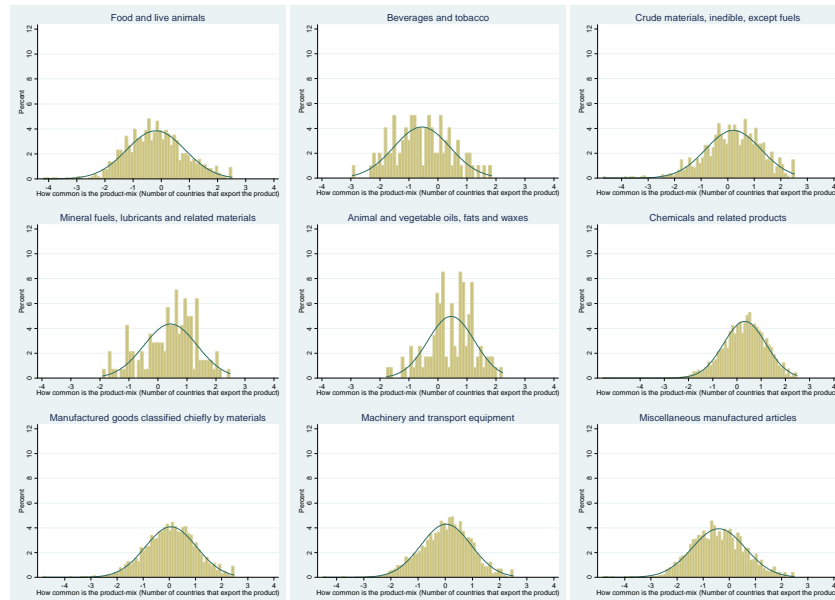
Abdon and others (2010): Major exporters of more complex products are high-income countries and major exporters of less complex products are low-income countries

ESCAP (2012): Rich countries export products with a wide range of complexity



Source: Author based on data from the United Nations Commodity Trade Statistics Database (COMTRADE).

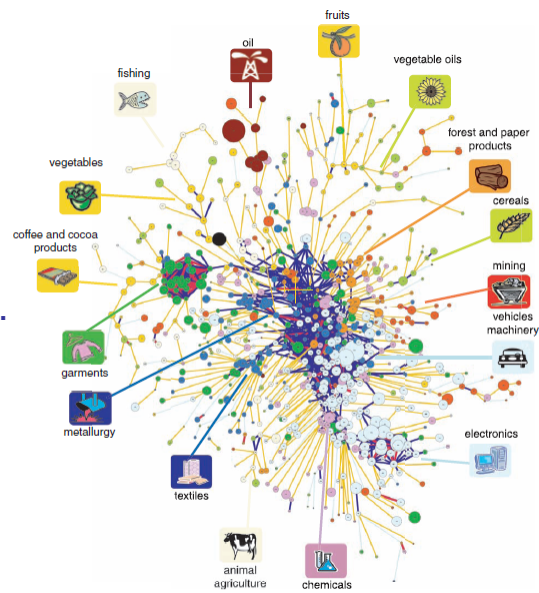
## Product complexity by industry



Source: Freire, 2012.

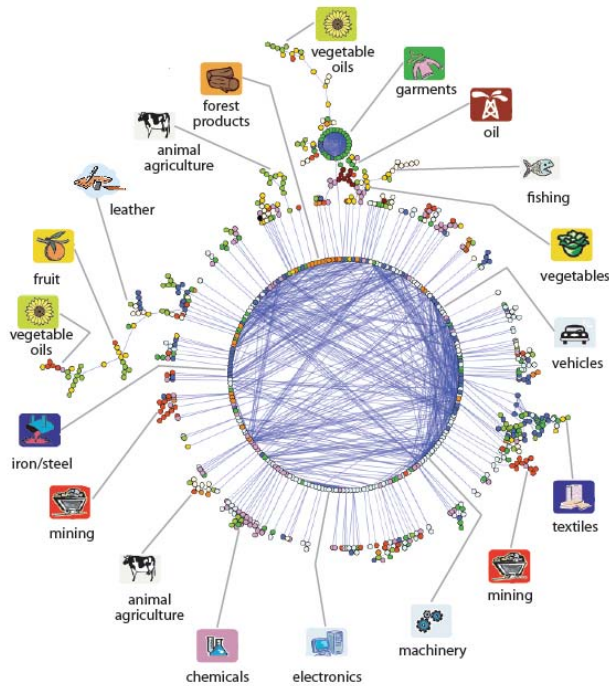
## Path dependency

- C. A. Hidalgo, B. Klinger, A.-L. Barabási, R. Hausmann (2007). *The Product Space Conditions the Development of Nations.*



Source: Hidalgo, C.A., and others (2007)

What a country produces today affects what it will be able to produce tomorrow



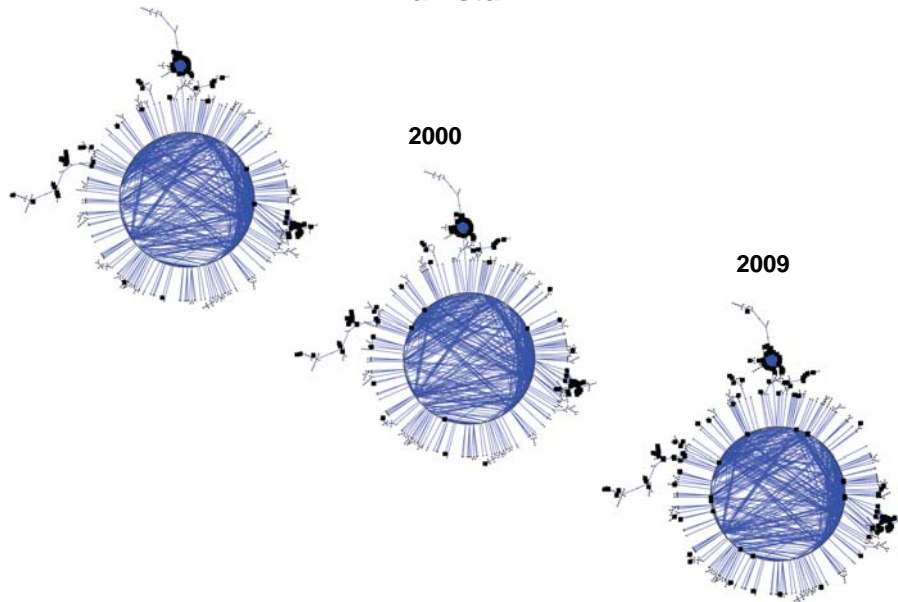
Source: ESCAP (2011).

1990

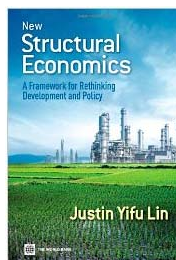
## Pakistan

2000

2009



Source: Author based on data from the United Nations Commodity Trade Statistics Database (COMTRADE).



- Lin (2012), with Celestin Monga
- Six-step procedure to identify and facilitate growth
- Governments in developing countries to “identify the list of tradable goods and services that have been produced for about 20 years in dynamically growing countries with similar endowment structures and a per capita income that is about 100% higher than their own.”

- Hausmann (2012)
  - better method to identify the potential industries for diversification is by using the product space and measures of product complexity.
- MPDD WP 12/01 uses similar method to identify potential products for diversification in least developed countries taking into consideration the higher export opportunities.



## Methodology identify the opportunities for countries in SSWA

- Identify the products that are more complex and that are nearby in the product space to the existing product-mix

预览已结束，完整报告链接和二维码如下：

[https://www.yunbaogao.cn/report/index/report?reportId=5\\_7458](https://www.yunbaogao.cn/report/index/report?reportId=5_7458)

