

Industrial development offers hope for world's poorest 'bottom billion,' says UN



23 February 2009 – Sustainable industrial development offers a ray of hope for lifting the world's "bottom billion" – those that live on less than \$1 a day – out of poverty, according to a new report released today by the United Nations.

The **Industrial Development Report 2009**, launched in London by the UN Industrial Development Organization (**UNIDO**) and the lead author, Professor Paul Collier, University of Oxford, is about the opportunities and constraints faced by two groups of countries.

The first are the countries of the "bottom billion" trying to break into global markets for manufactured goods, and the second are the middle-income countries that are striving to move up to more sophisticated manufacturing.

The report identifies a comprehensive set of policies to help both groups break out of poverty and achieve accelerated economic growth and sustainable development through "value-creating" industrialization.

"Our report represents a major conceptual breakthrough on how to tackle global poverty through sustainable industrial development," UNIDO Director-General Kandeh Yumkella **said**.

"Bottom Billion nations will be able to arrive at their own, tailor-made solutions to successfully tackle poverty building on the research findings and informative case studies highlighted in this report."

Among the main features of the report include helping reduce global poverty by assisting the poorest countries choose the right products to manufacture for the global market, supporting their efforts to penetrate markets by improving export supply capacities and meeting international quality and safety standards, and identifying policies to accelerate industrial growth.

The report also proposes a new UN category of "least developed manufacturing countries" that could be used by the World Trade Organization with respect to trade preferences for the manufactured exports of low-income countries.

Ten case studies of "dynamic industrial locations" in developing countries are presented in the report to demonstrate that the right policies have made a significant difference in the economic development of these countries.

They show, for instance, that countries that specialized in making an individual component of a whole product, rather than the entire product, grew more rapidly. One example of this is the Chinese city of Qiaotou that built its industry on the production of buttons and now accounts for 65 per cent of the world's production of buttons.

UNIDO added that the report shows once again that poorer countries should not rely on the export of primary commodities to bankroll their development, noting that commodity prices are subject to the volatility of global markets and that such a focus can sometimes discourage the growth of manufacturing.