

Productive Development Policies in Latin America and the Caribbean

“Let’s get into the how’s”

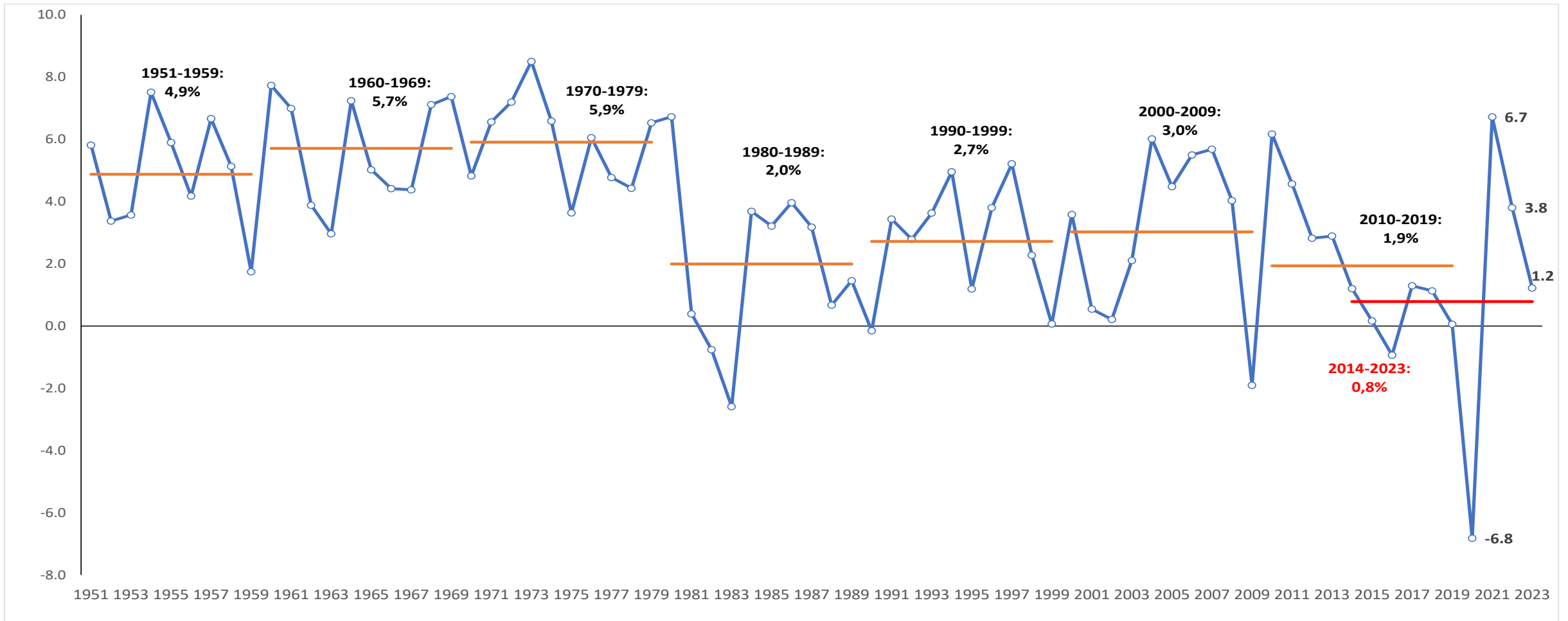
José Manuel Salazar Xirinachs
Executive Secretary

September 27, 2023



In terms of growth, LAC is completing an even worse decade than the infamous lost decade

Latin America and the Caribbean: GDP growth rate, 1951-2023 (Percentages)

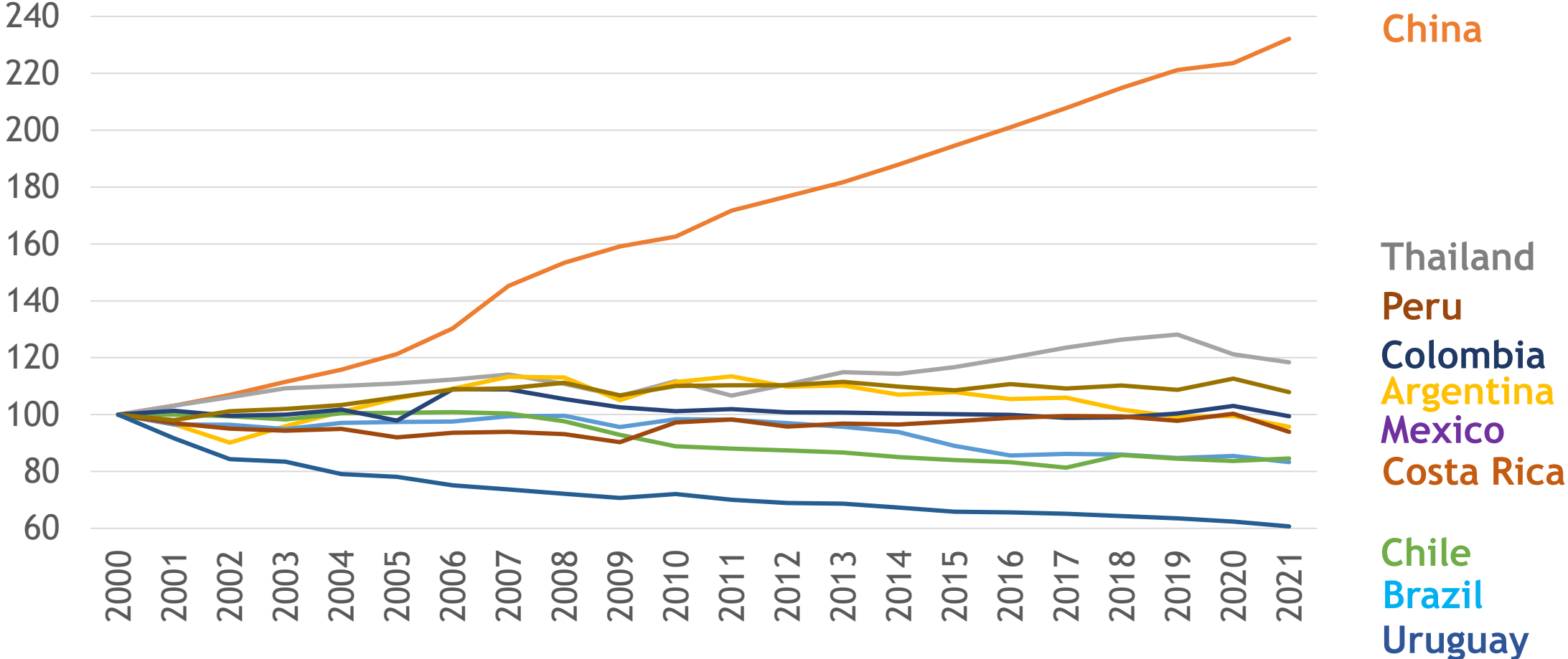


Source: Economic Commission for Latin America and the Caribbean (ECLAC), based on official data. 2022 and 2023 correspond to ECLAC projections.



A great part of this low growth can be explained by a stagnant productivity in the last decades

Cumulative growth of total factor productivity, (index, year 2000 = 100)
2000-2021



Source: The Conference Board. Total Economy Database™ - Data. Accessed April 2023



Predicament

- LAC has a low growth disease, and this has been happening in the era of globalization, of accelerated technological change, of the digital revolution and now of artificial intelligence..
- If we continue like this we risk ...
 - Loosing social peace
 - Turning increasingly into more unequal and violent societies
 - Having more millions of people migrating
 - Loosing democracy
- Because democracy is incompatible with a stagnant economy and a frustrated citizenship without hope for a better future.



Context for productive development policies

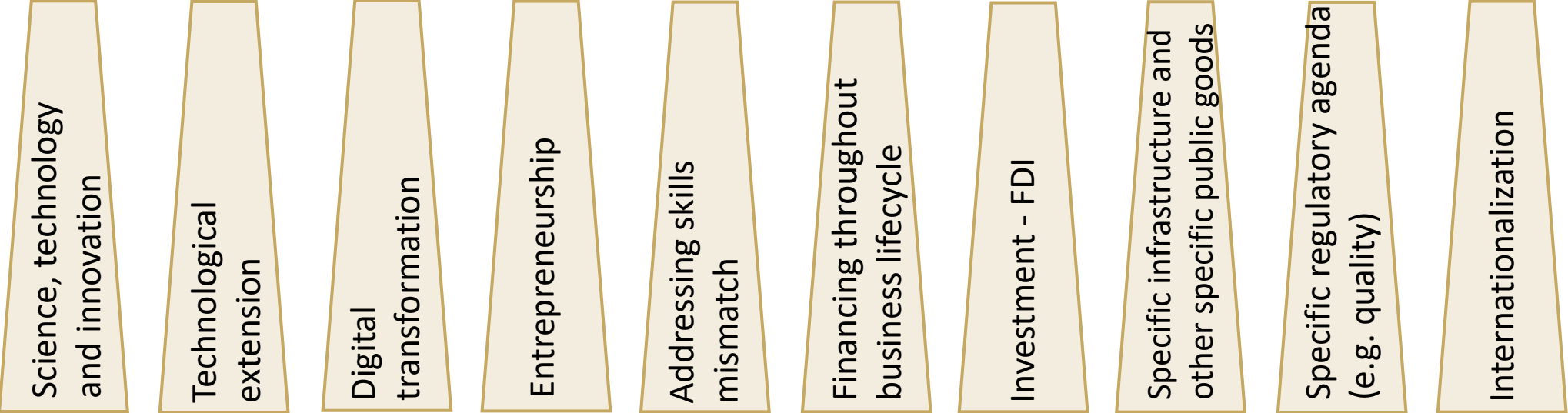
- 1— In order to improve our region's productivity, we need to **upgrade, diversify, and foster a positive structural change** of our economies.
- 2— Unfortunately, these processes do not occur spontaneously: **productive development efforts are required.**
- 3— LAC countries don't start from scratch on this front, but their efforts have been **marginal, uncoordinated, discontinuous, with a top-down approach, and, in general, with little impact.**
- 4— Therefore, we face the challenge of **scaling up** these efforts, of **better articulating** them, of giving them **greater continuity**, of giving them a more **bottoms-up approach**, and of **increasing their impact.**
- 5— In a context in which **industrial policies are “back in fashion”** (really, they never left) and developed countries are implementing them explicitly with ample resources.
- 6— This requires escalating our efforts and **being very strategic on how to implement them.**
- 7— **ECLAC will be working to better guide** both national and subnational governments in this task.



A new way of understading the scope and articulation of productive development policies

A sustainable and inclusive productive development agenda aims at the **upgrading, diversifying and fostering a positive structural change** of the economy as a vehicle for increasing productivity and thus achieving higher levels of prosperity for our countries and their people.

Productive structure (sectors, value chains, clusters, MSMEs, companies)



Productive development with a territorial approach

Governance for productive development



Driving sectors

Areas of opportunity for growth and collaboration

(1) Energy transition:
renewable energies,
green hydrogen and
lithium

(2) Electromobility

(3) Circular economy

(4) The bioeconomy:
sustainable agriculture,
genetic resources and
bio-industrialization

(5) Geographical
rearrangement of
production
(GSP reconfiguration)

(6) Pharmaceutical
and life sciences
industry

(7) The medical devices
manufacturing
industry

(8) Modern or ICT-
enabled services
exports

(9) Advanced
manufacturing

(10) Gender equality
and the care society

(11) Sustainable water
management

(12) Sustainable
tourism

(13) E-government

(14) Agriculture for
food security



Let's go into the "how's": some guidelines

- 1— Productive development efforts must be scaled up.
- 2— Strategic bets have to be made: “we are doomed to prioritize”.
- 3— Productivity is local and has to be addressed at the local level, with local level actors.
- 4— Governance for productive development: a crucial issue.
- 5— Cluster initiatives: a potent way of combining productive prioritization, territorial approach, experimentalist governance, and strategic focus.
- 6— Evaluate, evaluate, evaluate.





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Glifos nahuas, bajo relieve en el caracol del edificio de la sede de la CEPAL en Santiago.



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