



Policies and competitiveness in Brazil, India, Indonesia and South Africa

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OECD Global Forum on Trade

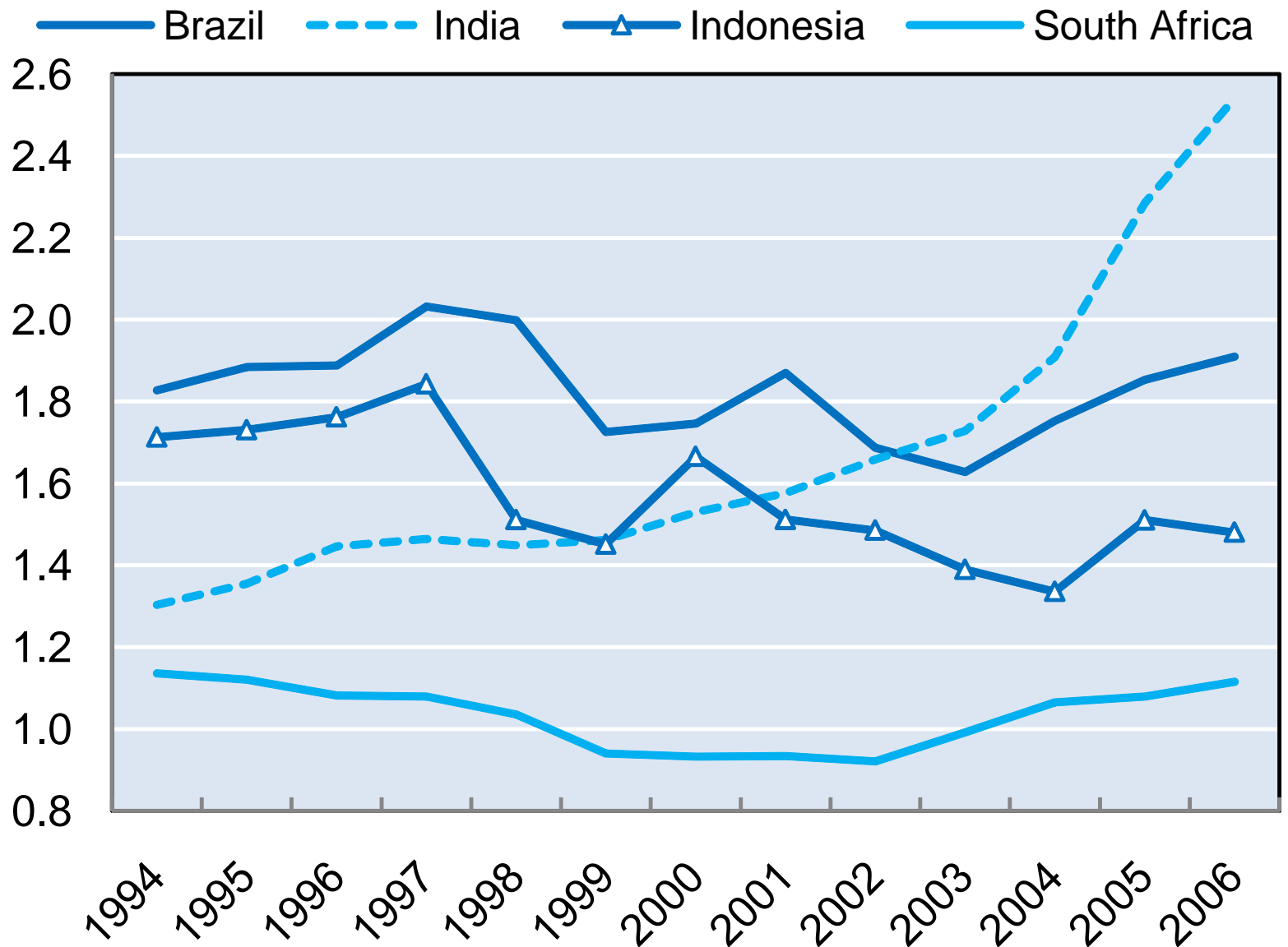
25-26 June 2008

Competitiveness and policies

- Labour cost
 - Unit labour costs
 - Labour productivity
- Capital cost
 - Costs of imported machinery
 - Availability of long-term financing
- Macroeconomic stability
- Innovation
- Regulation
- Taxation
- Tariff and non-tariff trade barriers
- Trade costs

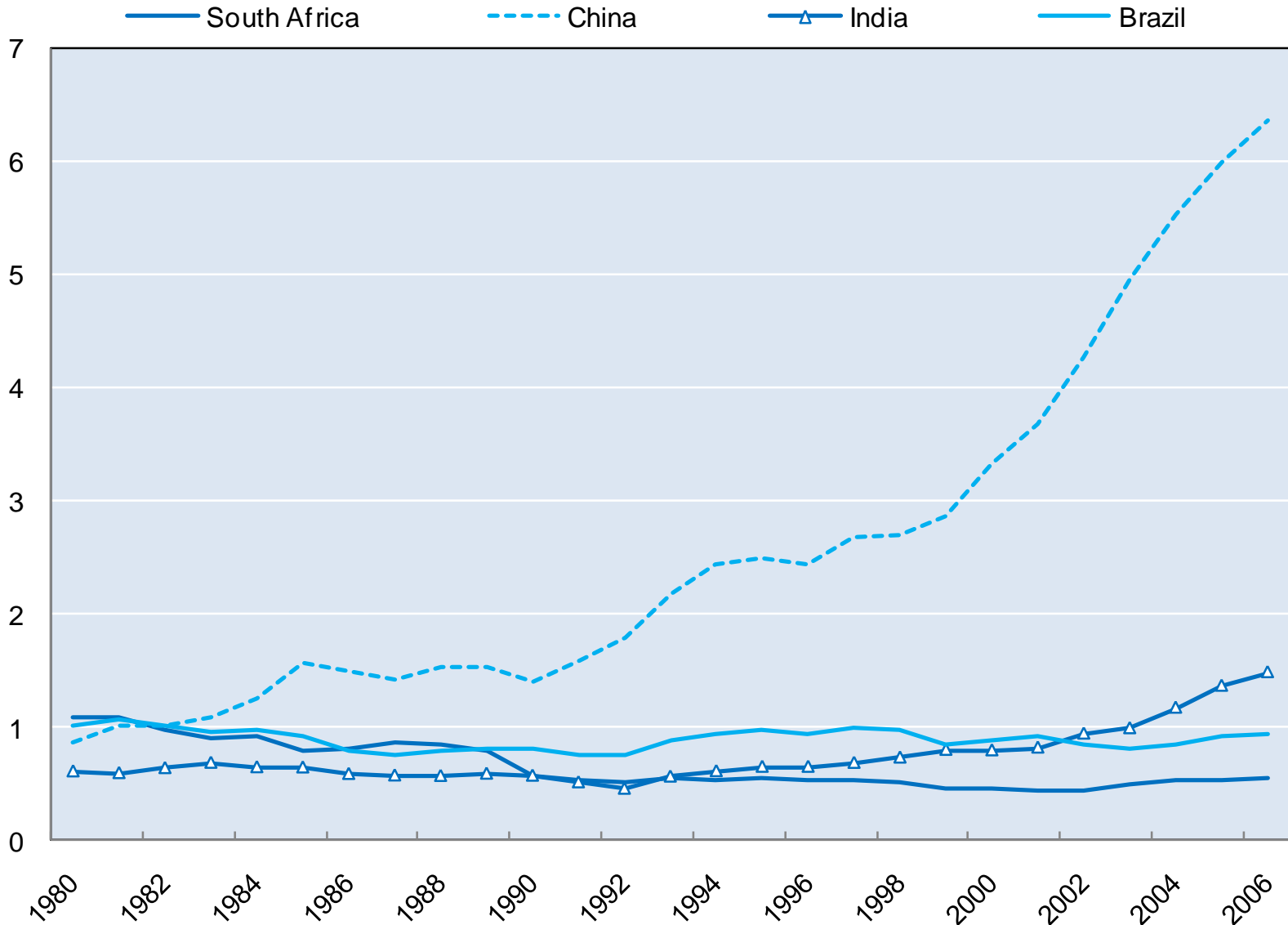
World trade shares

Goods



Source: IMF BOP (2008)

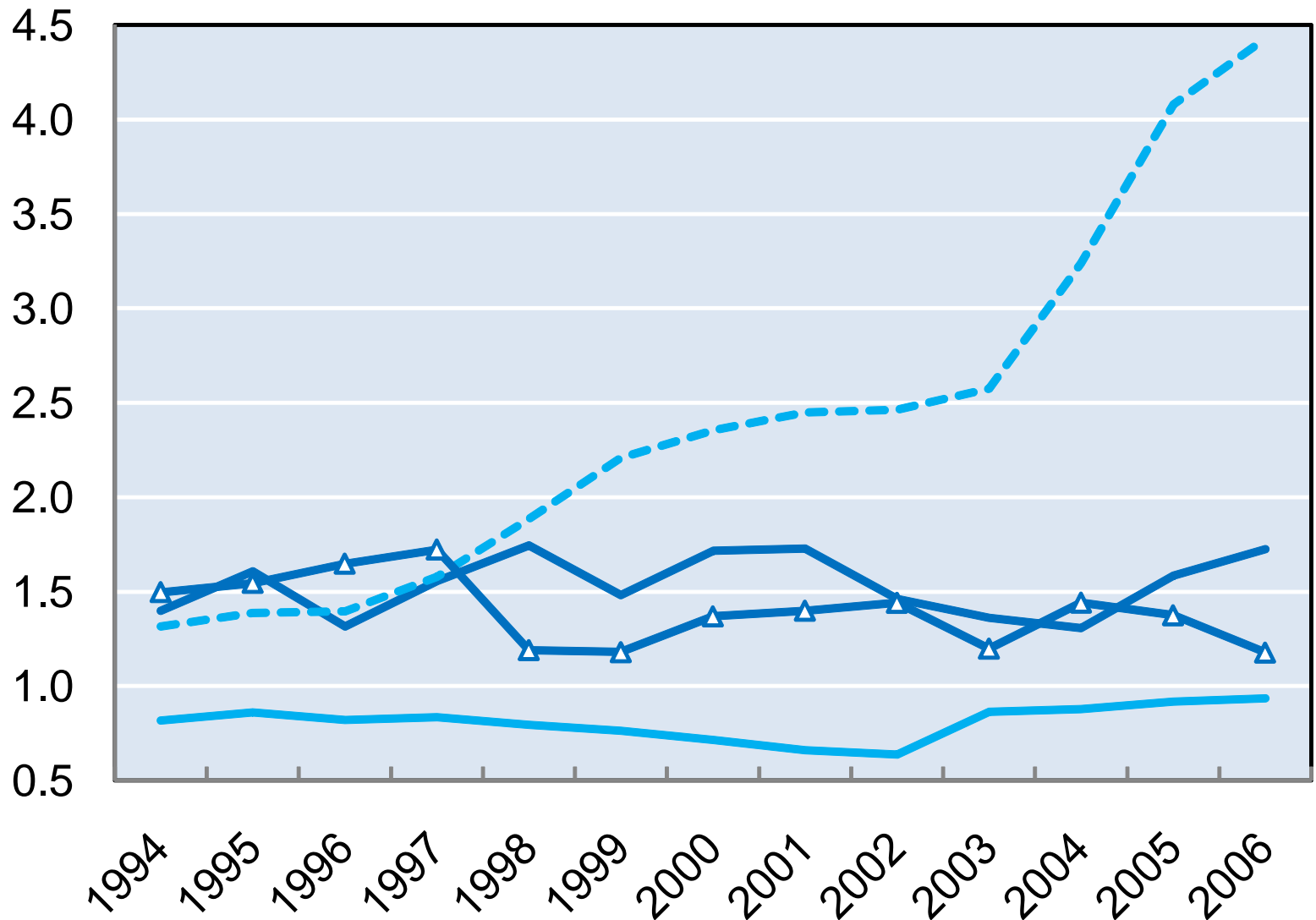
World trade shares



World trade shares

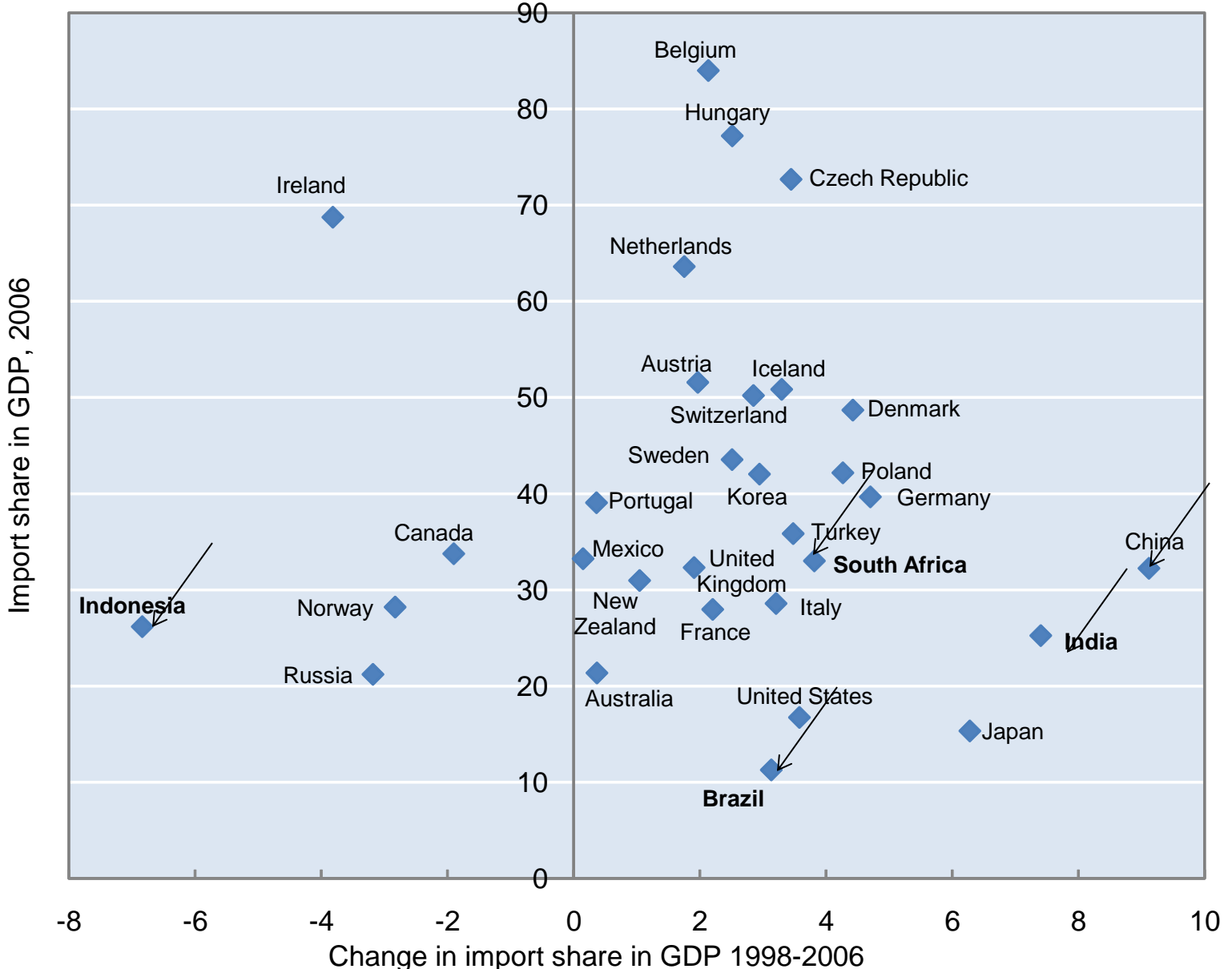
Services

— Brazil - - - India —△— Indonesia — South Africa



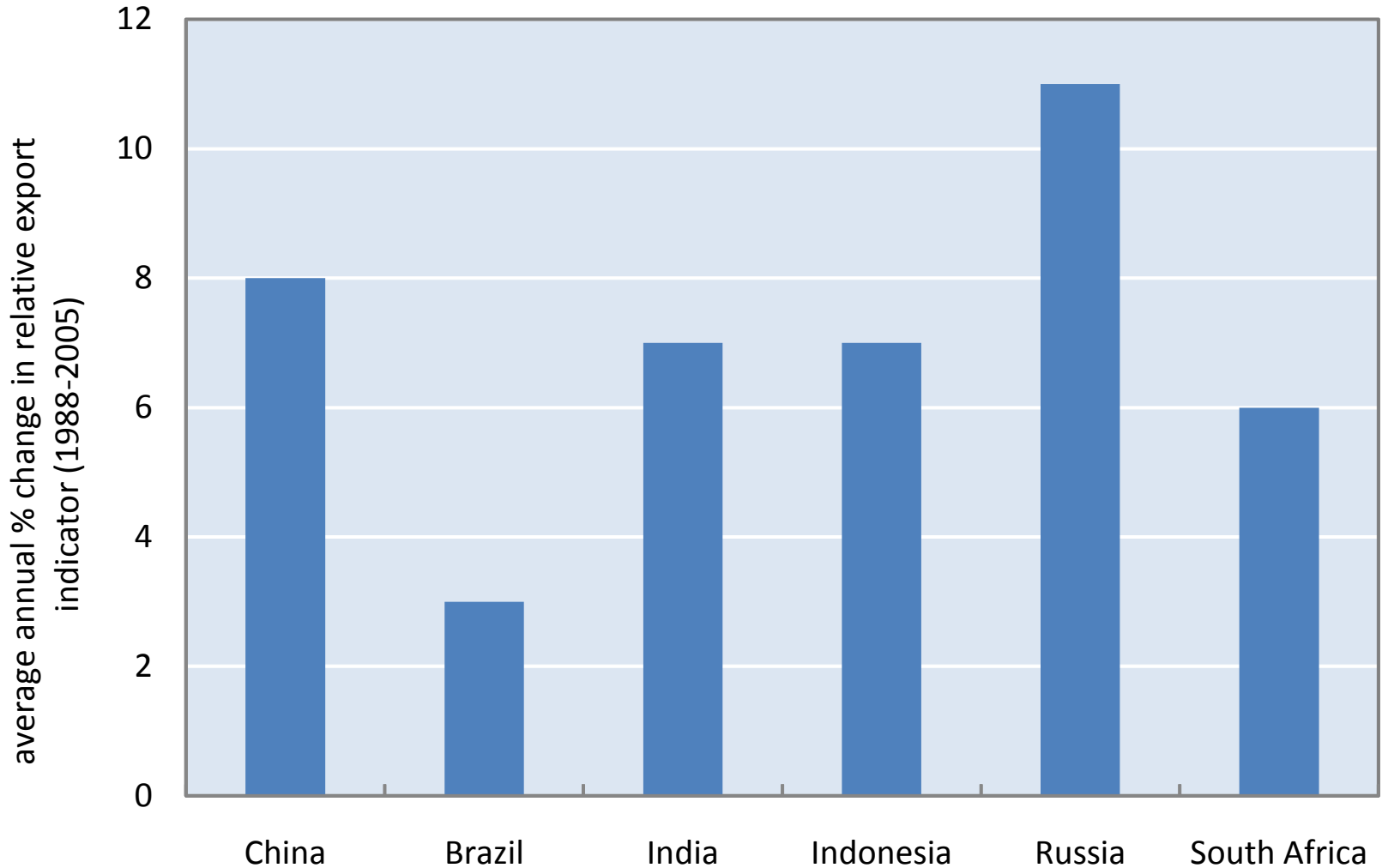
Source: IMF BOP (2008)

Import expansion



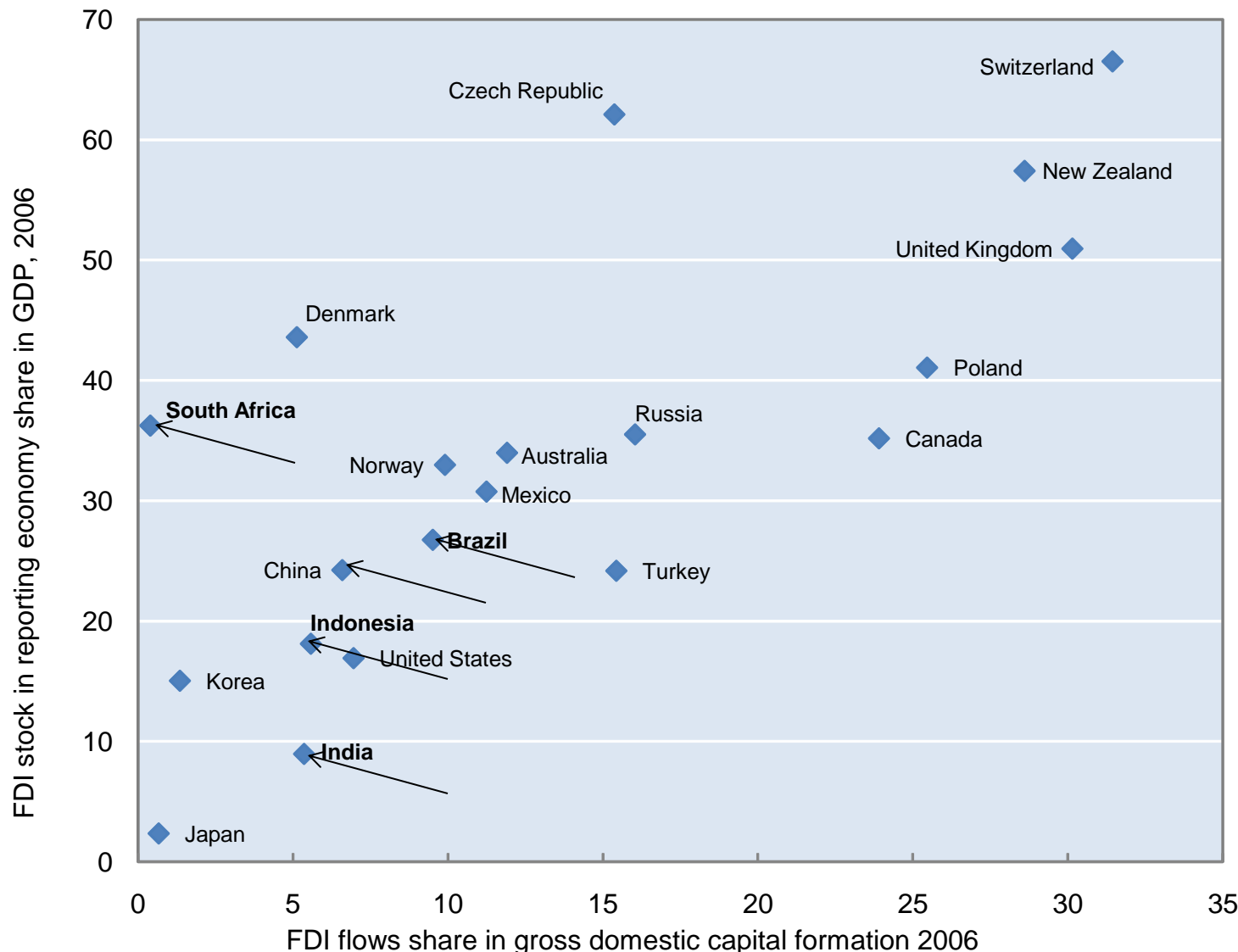
Comparative export performance

Source: ComTrade data, authors calculations



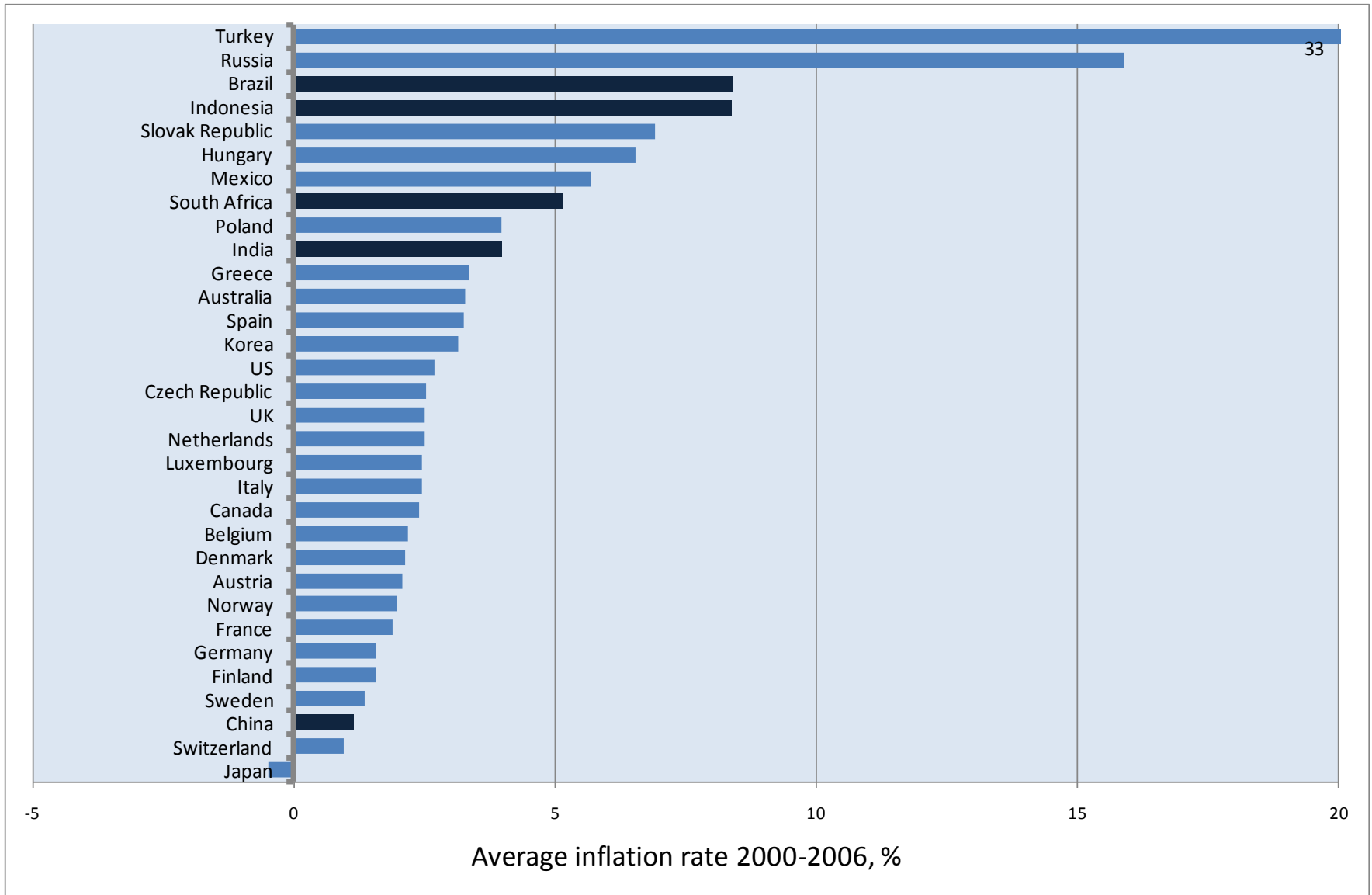


Presence of foreign companies

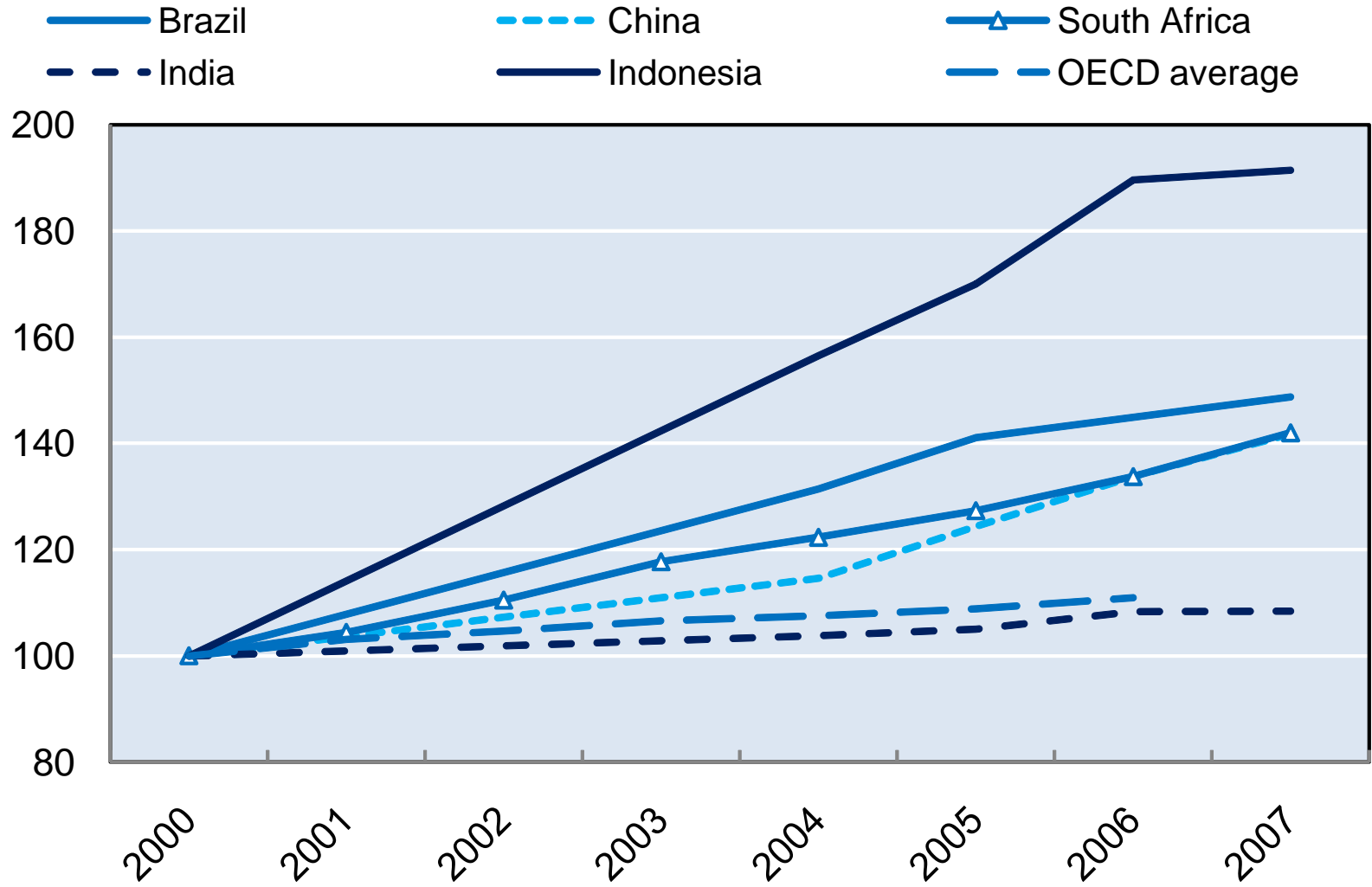


Source: IFS

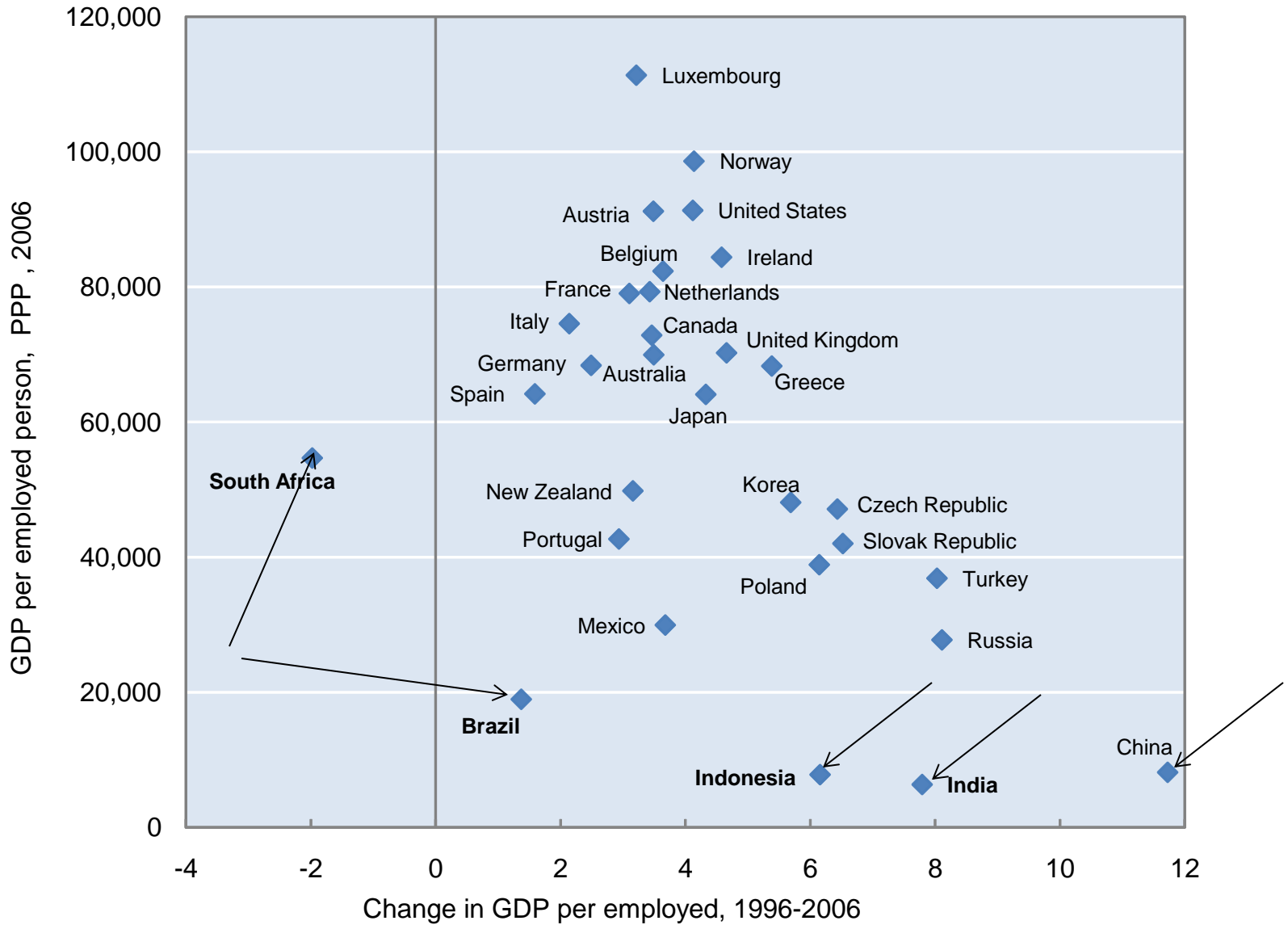
Macroeconomic stability



Unit labour costs

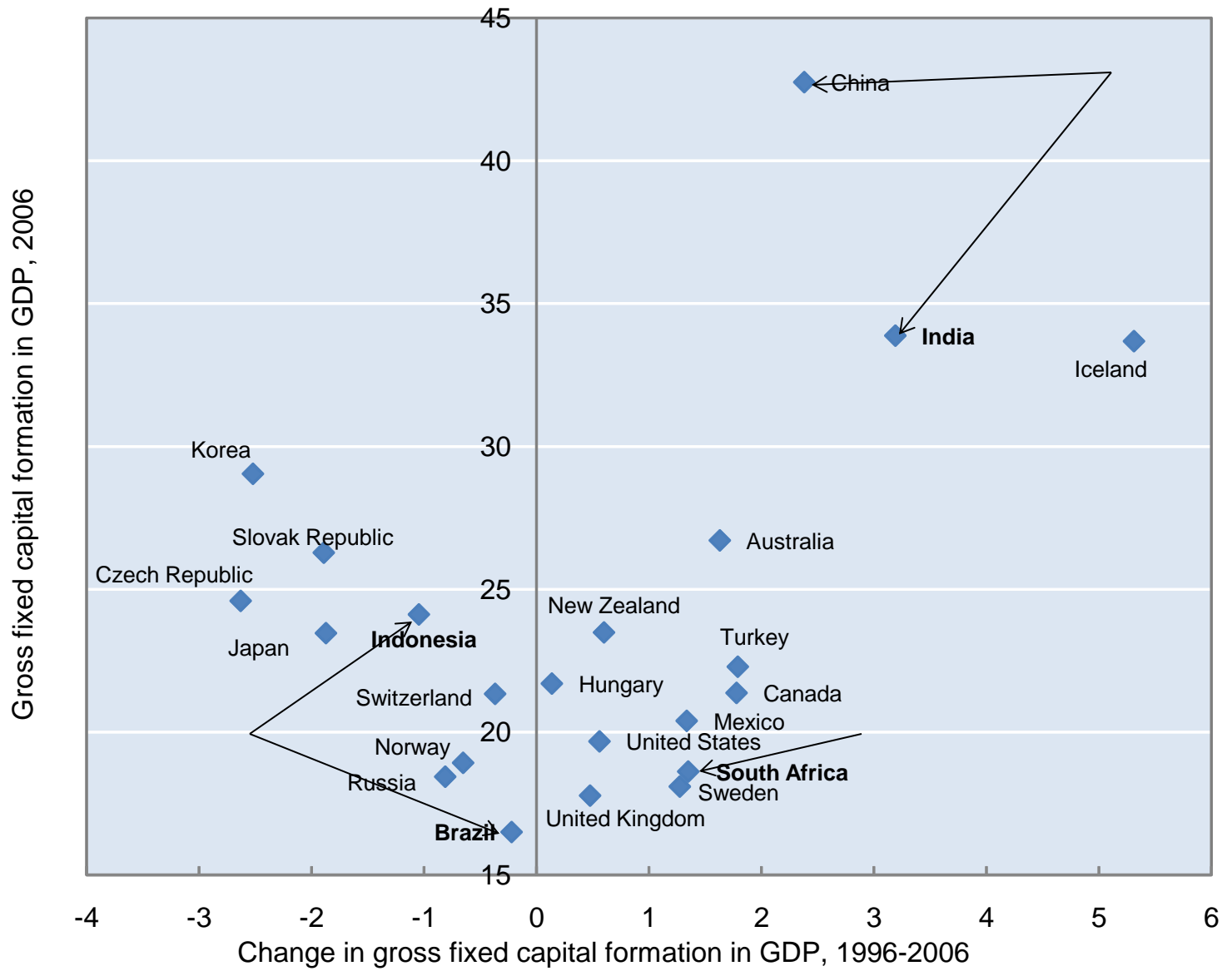


Labour productivity



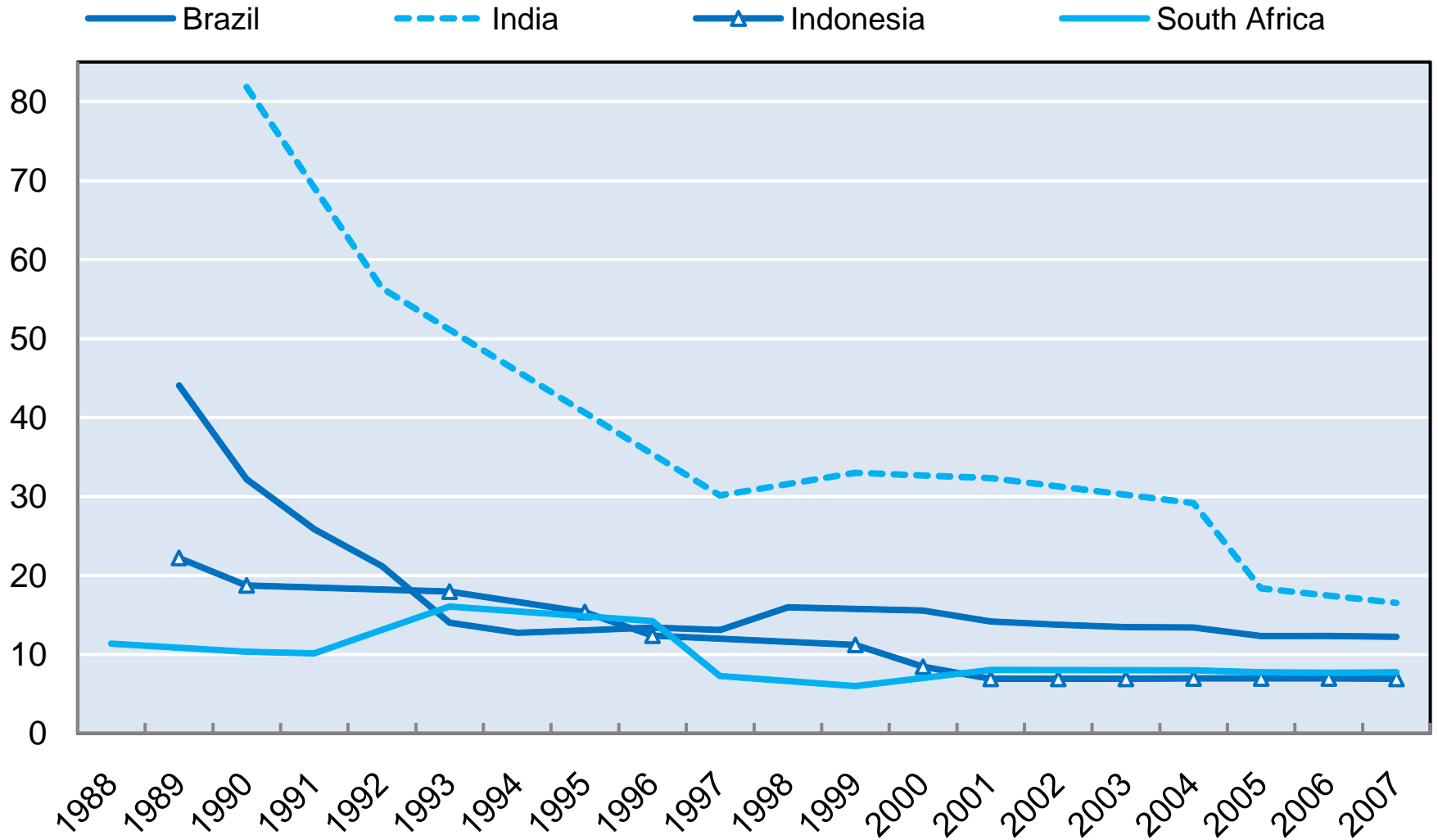
Investment

Source: IFS and WEO



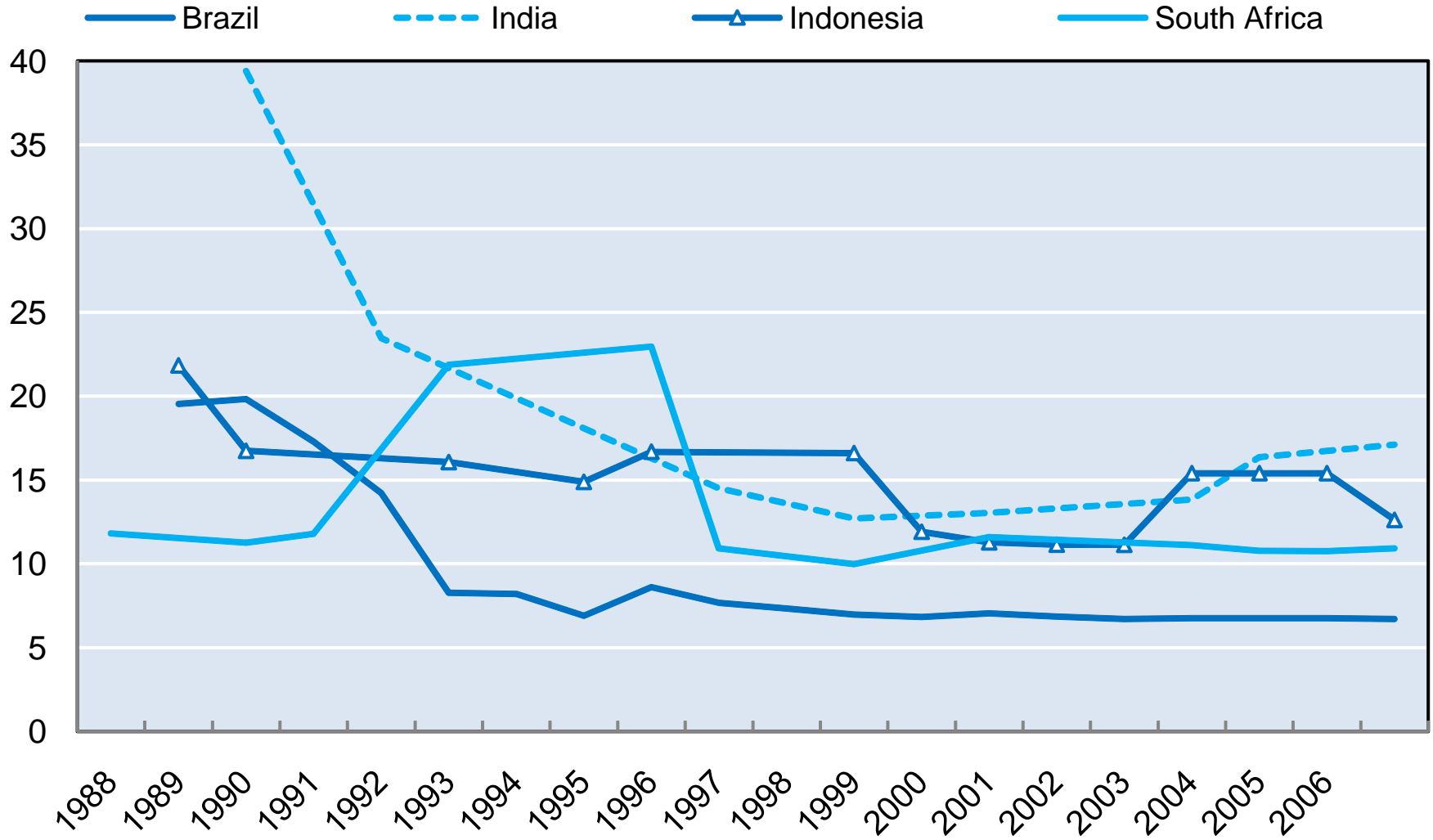
Tariff protection

A. Simple average



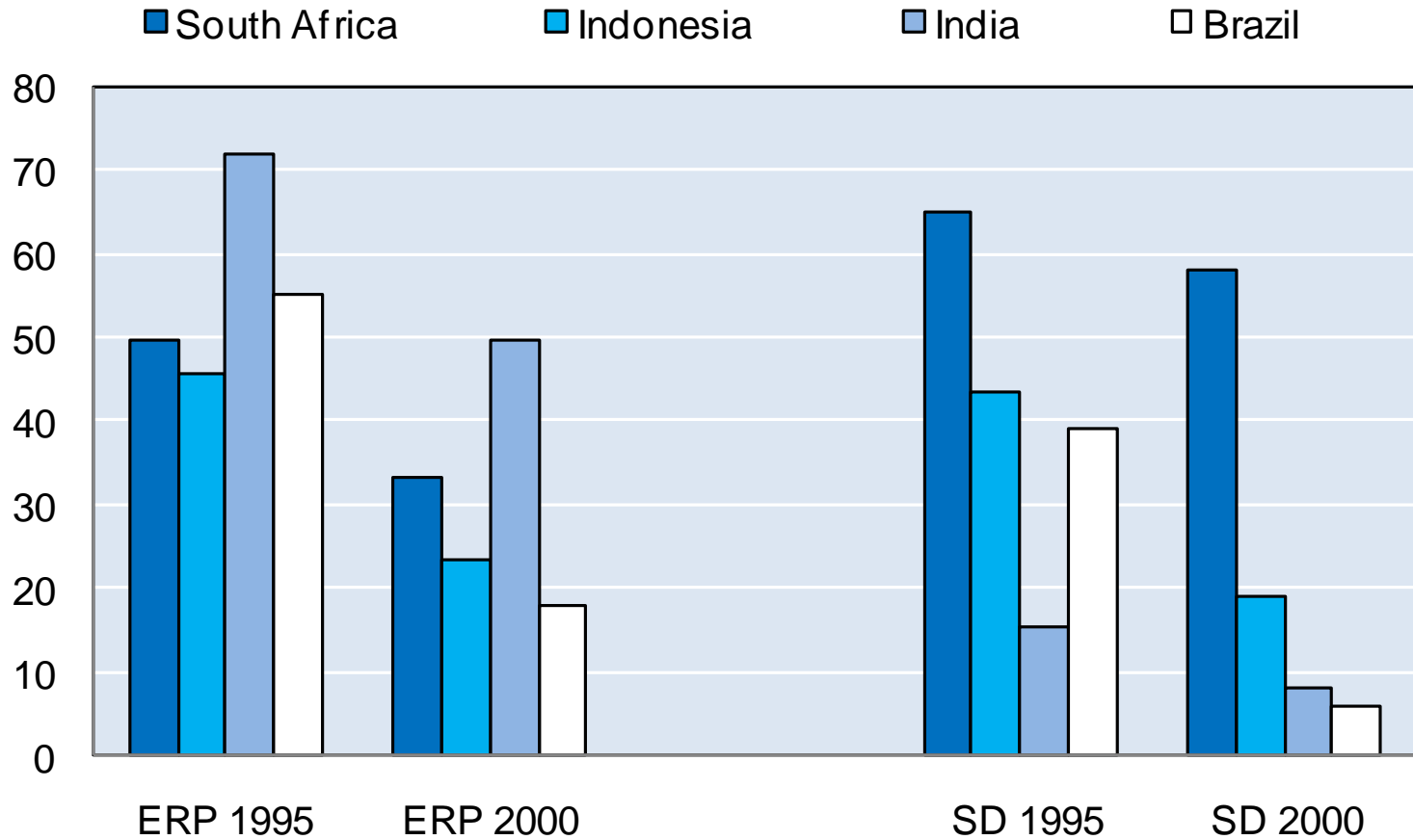
Tariff protection (2)

B. Standard deviation

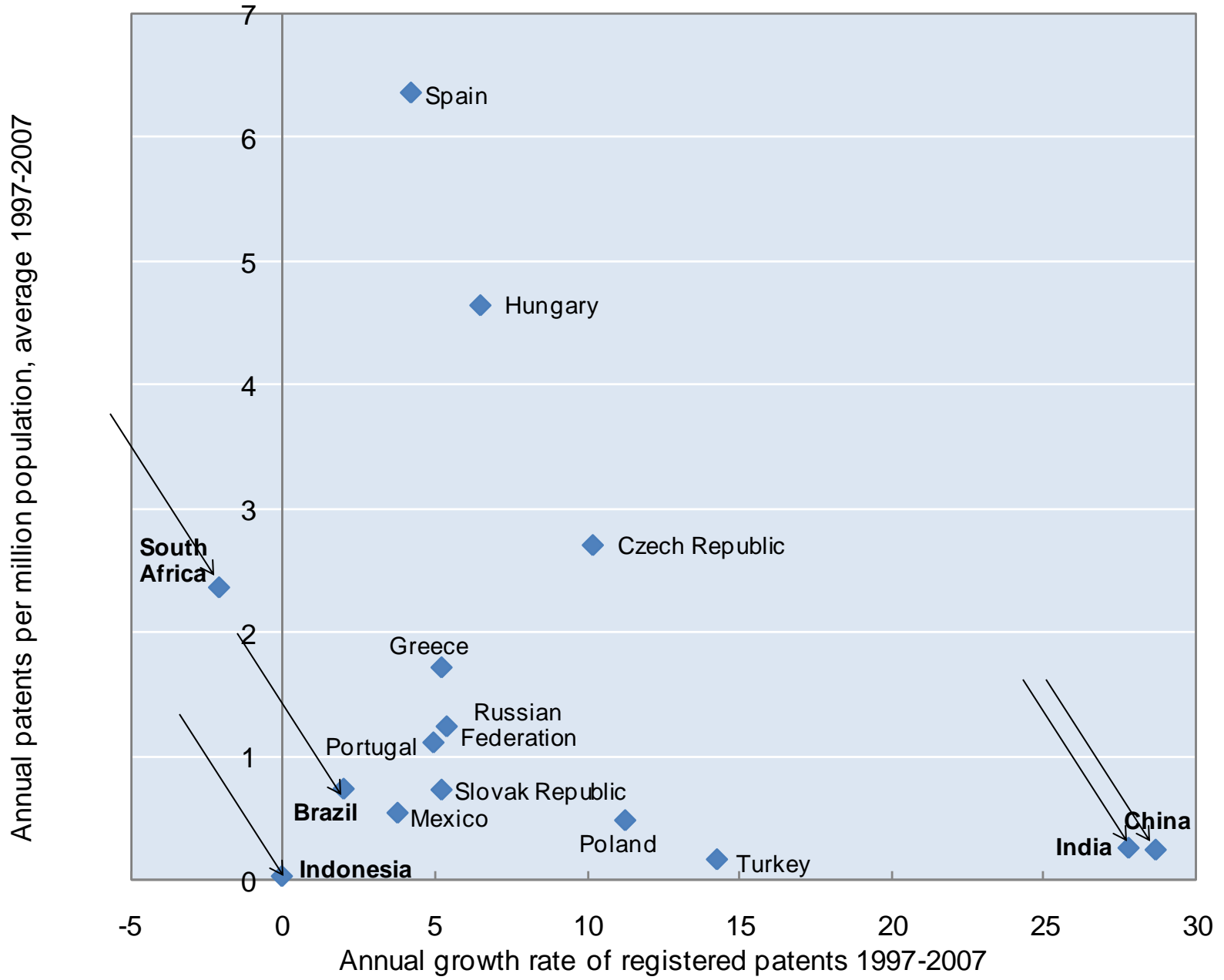


Nominal and Effective Protection

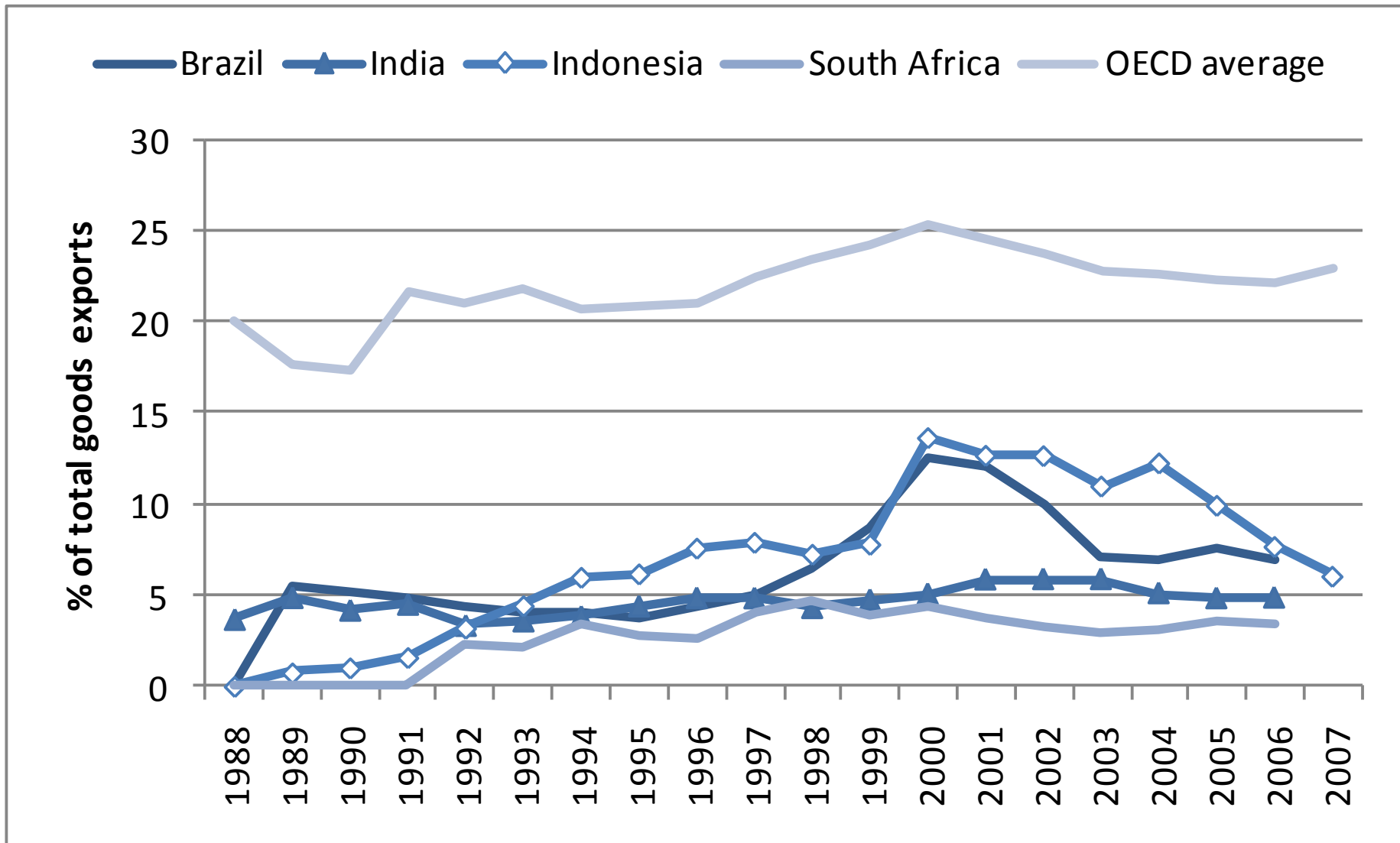
Average Effective Rates of Protection in Manufacturing



Innovation



High technology exports



Source: UN ComTrade, based on OECD definition of high-tech sectors

Two tails of the story: India and Brazil

India

- impressive trade liberalisation
- low ULC growth
- high LP growth
- high and growing investment
- low tech exports
- dynamic innovation

Brazil

- stalled trade reforms
- rapid ULC growth
- low LP growth
- falling investment
- falling high tech exports
- low innovation

The middle ground: South Africa and Indonesia

South Africa:

- stalled trade liberalisation
- growing trade shares
- growing ULC
- high but falling LP
- low but growing investment
- low tech exports
- sluggish innovation

Indonesia:

- stalled trade liberalisation
- falling trade shares
- growing ULC
- growing LP
- falling investment
- falling high tech exports
- sluggish innovation



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