



Industrial Development Report 2018

Demand for Manufacturing: Driving Inclusive and Sustainable Industrial Development

Social inclusiveness and environmental sustainability

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-Price declines may be abetted by falling labor standards [among developing countries].

- Reputation risk for firms: bitter experiences among shoe, clothing, furniture companies since 1990s.
- In the global value chain, voluntary schemes such as labeling can be an effective approach.

- Current consumption patterns may be unsustainable.***
- Climate change is a heavy source of long-term pressure on the environment, especially in poorer countries. GDP per capita could fall from 3.2% to 2.6%.***

- Climate change can be serious business risk in the near future. The concepts such as carbon budgeting and stranded assets may need more attentions.
- The report stresses the importance of circular economy.
- “Sharing economy” may also need some more attentions.
- Smart grid and clean energy: new opportunities for various industrial sectors.



Incomes created along the [virtuous] circle may not flow to the poorest people in society.

- BOPs (Base of the Pyramid) by Prof. Parahalad and CSVs (Creating Shared Values) by Prof. Porter address business models that bring both social and business values.
- The products, services, technologies, and business models that contribute to several goals of SDGs (such as 3 [health], 4 [education], 8[jobs]) should be encouraged more...**But how can we encourage them?**



Good examples in the report:

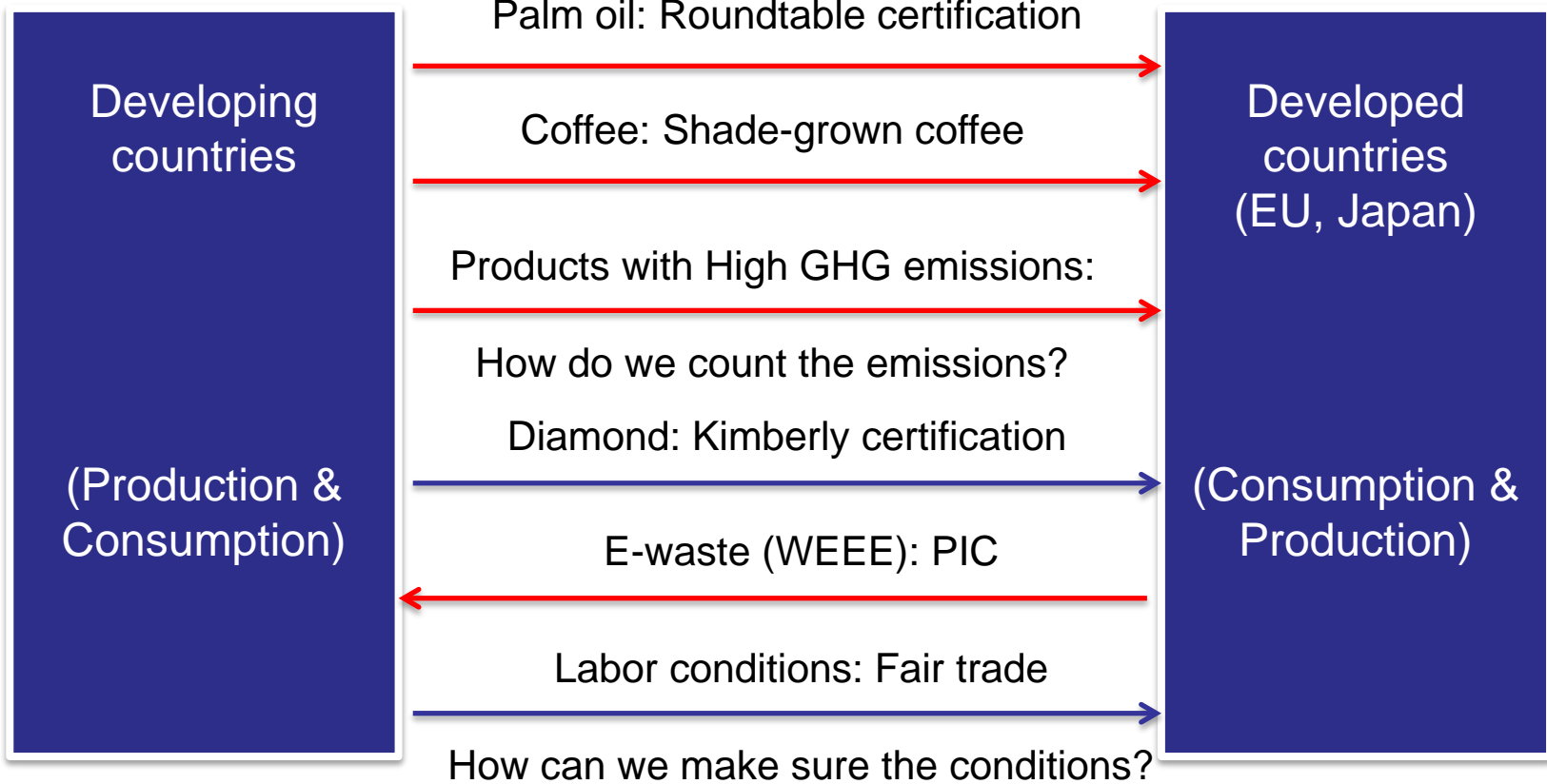
Social inclusiveness:

- Quotas in strategic **public procurement** for women-led enterprises in the Dominican Republic.
- **Preferential access** and capacity building for small and medium-size enterprises in Sri Lanka's ICT sector.

Environmental sustainability:

- **Ecolabel** to promote products and services with reduced environmental impacts in the European market.
- **Innovation:** Montreal Protocol and HCFC.

Global supply Chain: International coordination is necessary.



- ❑ GHG emissions – carbon footprint (carbon leakage/pollution haven hypothesis)
- ❑ Environmental impacts in the production and disposal stage