Global Industrial Production Shakes Off 2007 Doldrums

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Off the Charts

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INDUSTRIAL production around the world plunged after the Great Recession began, and in most advanced economies has yet to fully recover. But that is not the case in many emerging economies, with production hitting new highs.

The United States this week reported that industrial production, excluding construction, rose 0.2 percent in June and was up 4.3 percent from a year earlier. That is a faster rate than any other major advanced economy has shown recently, but it pales next to the rates of growth in such countries as China and India.

The accompanying charts show the change in levels of industrial production since the end of 2007, as the recession was beginning in the United States. The latest report indicates that production in the United States was 3 percent higher in June than it was in December 2007. That is, however, largely because of increased oil and gas production. Overall manufacturing output is still a bit below the pre-recession levels, although production in the motor vehicle industry has been strong.

The Netherlands government compiles industrial production reports from 27 advanced economies and 54 developing economies around the world, and computes international averages. Its latest report shows that world production in April was almost 12 percent higher than it had been at the end of 2007, but that production in the advanced economies was nearly 5 percent lower than it had been.
In the emerging economies, production was up by more than a third from the 2007 level, primarily because of the performance of Asian countries, where production is up by more than 60 percent.

China releases data only on annual changes, making any calculation of month-to-month changes hard to estimate, but it appears that its production has approximately doubled from the 2007 level. In India, production is up nearly a quarter since the recession began.

The Asian boom has not helped Japan, the largest advanced economy in the region. The latest production figure is nearly 14 percent lower than the 2007 number.

Until 2011, industrial production in Germany — the third largest exporter in the world, behind China and the United States — recovered more rapidly than did production in the United States. But since then, it has stabilized. In May, production remained nearly 3 percent below the 2007 level.

That is, however, much better than in any of the other major eurozone countries. Over all, production in the eurozone is 11 percent lower than in 2007. Among the three largest countries in the zone other than Germany, France has done the best, with production still down 15 percent. In Italy, production is off 22 percent and in Spain it is down 28 percent.

An exception to the eurozone doldrums seems to be Ireland, where production is now a little higher than it was in 2007. In May, the production figure was up more than 20 percent from the year before, a far better performance than in any of the major euro economies.

In Britain, which is outside the eurozone, production also seems to have stagnated. In May, the level was 12 percent below the 2007 figure.

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