

## Are Japan and Korea experiencing de-industrialization? Lessons for Europe

*Lunchtalk, 19 June 2012*

Sébastien Lechevalier, Associate Professor at EHESS, presented his ongoing research on the future of the manufacturing sector in Japan and Korea.

De-industrialization represents the decrease over time of the share of manufacturing in total employment or in total GDP. De-industrialization is a phenomenon taking place at the global level, with developed countries contributing less and less. The UK, the US and Germany for example have been experiencing de-industrialization at least from the 60s.

The year 2000 constituted a turning point. New patterns have been emerging since then. China took off in the manufacturing sector. Its share of production in total industrial production has been growing even faster since 2004, raising doubts on the consequences of this growth for European countries.

Some of these questions can be answered by looking at Korea and Japan. Korea and Japan are indeed interesting case studies from a European point of view because the development of these two countries depended on the development of the manufacturing industry. Both countries have been experiencing de-industrialization since the early 1990s, even if, with different trends when looking at the share of manufacturing in total employment (stable for Korea, decreasing for Japan) and total production (decreasing for both countries).

De-industrialization thus proves not to be a worrying phenomenon as such. In particular, it is not worrying whenever it is the sign of the success of a specialization strategy. It is instead worrying whenever it is the outcome of increasing international specialization, bringing along significant losses in employment.

The discussion following the speech was opened by Zsolt Darvas, fellow at Bruegel. The discussion was based on the interaction of de-industrialization with other measures (like company financing measures) and the importance of compositional effects for countries like Ireland.

*Event notes by Lucia Granelli*