

Fundación **mapfre**

**SECTORAL
STRUCTURE:
AN ANALYSIS
OF SELECTED
ECONOMIES**

 **mapfre** Economics

Sectoral Structure: An Analysis of Selected Economies

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Introduction

This report examines the transformation of sectoral structures across a selected group of economies, focusing on how the contribution of productive sectors to gross value added has evolved over time. A broad and sustained transition is evident: economies have gradually shifted from heavy industry-based models toward increasingly service- and knowledge-intensive configurations. This structural reconfiguration cannot be explained by market forces alone. Rather, it reflects the interaction of institutional frameworks, national technological capabilities, and strategic decisions regarding international integration.

The analysis contrasts patterns of relative deindustrialization in advanced economies with trajectories in which manufacturing continues to play a strategic role, supported by active industrial policies and export specialization. Key structural drivers are examined, including technological change, the digitalization of productive capital, and the reorientation of domestic demand toward professional, financial, and health services. Particular emphasis is placed on productivity differentials and the growing integration of advanced services into value chains as central engines of long-term structural growth.

Through a comparative lens, the report identifies distinct development models, ranging from liberal financial systems to state-directed industrialization frameworks and hybrid economic structures. Ultimately, the report seeks to deepen understanding of how nations reshape their productive base in response to automation, globalization, and the transition toward an increasingly intangible economy. In doing so, it offers an integrated framework for interpreting contemporary sectoral dynamism.

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Executive summary

The sectoral evolution of the seven economies analyzed (the United States, China, Japan, Germany, the United Kingdom, Mexico, and South Korea) reveals a common pattern: a gradual shift away from heavy industrial structures toward more service- and knowledge-intensive economies. However, the pace, mechanisms, and outcomes differ markedly across countries. The United States and the United Kingdom represent cases of early, accelerated, and persistent deindustrialization. In contrast, China, South Korea, and Germany exhibit trajectories in which manufacturing retains a significant share, supported by active industrial policies, export specialization, and high productivity levels.

In the United States, manufacturing has declined from roughly one quarter of GDP in the 1970s to around 11% today. This shift reflects primarily structural factors: strong gains in industrial productivity, the transfer of added value toward associated services (R&D, software, and design), and a reorientation of demand toward healthcare, education, leisure, and professional services. At the same time, sectors such as technology, information and communications, finance, business services, and real estate have emerged as the main drivers of added value.

China presents the sharpest contrast. Manufacturing has maintained a share close to 30% of GDP since the 1980s, supported by expanded production scale, technological upgrading, and the role of state-owned enterprises (SOEs) as instruments of industrial policy. Simultaneously, the country has experienced a pronounced expansion of services—including trade, transport, ICT, real estate, and finance—linked to urbanization, digitalization, and the growth of domestic consumption.

Japan and Germany follow an intermediate pattern. Although both economies have seen manufacturing decline from its historical peak, they continue to maintain a strong industrial base (20–23% of GDP), anchored in capital goods, machinery, automotive production, chemicals, and electronics. Population aging has boosted the

healthcare and social services sectors, while digitalization has increased the relative weight of information and communications. The stability of Germany's industrial sector contrasts with Japan's greater rigidity, although both countries retain a balanced structure between manufacturing and advanced services.

The United Kingdom provides the clearest example of a decisive shift toward services. Industry has declined from 32% of GDP in 1970 to less than 10% today, while finance, insurance, professional services, and real estate activities account for a substantial share of added value. This reflects an economic model centered on international financial intermediation, supported by the liberalization reforms of the 1980s and the global role of the City.

Mexico and South Korea represent two distinct forms of late industrialization. Mexico retains a relatively large manufacturing base (approximately 20% of GDP), deeply integrated with the United States through automotive, electronics, and electrical equipment value chains. However, its services structure remains fragmented, and the country exhibits limited integration between export-oriented industry and the domestic market. South Korea, by contrast, combines advanced manufacturing in technology, electronics, and automotive production with expanding knowledge-intensive services. The result is a dual yet coherent economic structure, driven by large conglomerates (*chaebol*) and sustained technology policies.

Taken together, these cases demonstrate that sectoral evolution is not determined solely by automatic market forces. Rather, it fundamentally depends on policy decisions, institutional frameworks, national technological capacity, and strategies for international integration. Understanding this interaction is essential to anticipating how economies will continue to transform in a world that is increasingly digital, strategically industrial, and geopolitically fragmented.

1. Conceptual framework

This report analyzes the contribution of each economic sector to gross domestic product (GDP), measured in terms of gross value added, across seven selected countries, and examines how those contributions have evolved in recent years. Each sector's contribution is measured by gross value added, defined as the contribution of industries to total production in the economy. An industry's added value equals its gross output (comprising sales or revenues and other operating income, taxes on products, and changes in inventories) minus intermediate inputs (including energy, raw materials, semi-finished goods, and services purchased from domestic industries or foreign sources)¹. The three main components of gross value added are: the contribution to labor (compensation of employees), the net contribution to government (taxes on production and imports less subsidies), and the contribution to capital (gross operating surplus).

For the sectoral analysis conducted in this report, data sources were selected to ensure, as far as possible, consistent coverage across all countries included in the study. With the exception of China, data were drawn from the Organisation for Economic Co-operation and Development (OECD) databases (STAN and SUT). Accordingly, the sector classification applied is OECD / ISIC Rev.4, and the variable used is added value by activity (see Table 1). It should be noted that this sectoral framework maintains direct equivalence with NACE Rev.2 (European Union), NAICS (United States), JSIC (Japan), KICS (South Korea), and SCIAN (Mexico) through their mapping to ISIC Rev.4.

In the case of China, data are sourced from the National Bureau of Statistics (NBS). China applies the Industrial Classification for National Economic Activities (national standard GB/T 4754), currently in its GB/T 4754-2017 version, which is harmonized with ISIC Rev.4 (the international classification used by the United Nations and the OECD). Its purpose is the same: to classify all economic activities and enable international comparability. Therefore, although

terminology may differ slightly, the underlying conceptual structure is equivalent to ISIC Rev.4 / OECD STAN and SUT. Finally, it should be noted that China's original data are also expressed in nominal terms (i.e., not adjusted for inflation). However, for purposes of cross-sector comparison within the same period (calendar year), the results are equivalent to those that would be obtained using inflation-adjusted figures.²

Table 1
Sectoral classification

Code	Official name (ISIC Rev.4 / OECD)	Description	Sector type
A	Agriculture, forestry, and fishing	Agriculture, livestock, forestry, and fishing	Primary
B	Mining and quarrying	Mining, extraction of oil, gas, coal, and minerals	Secondary
C	Manufacturing	Manufacturing: durable and non-durable goods, automotive, chemicals, machinery, electronics, etc.	Secondary
D*	Electricity, gas, steam, and air conditioning supply	Production and distribution of electricity, gas, steam, and air conditioning	Secondary
E*	Water supply; sewerage, waste management, and remediation activities	Water supply, waste treatment, and remediation	Secondary
F	Construction	Construction: buildings, civil engineering, and infrastructure	Secondary
G-I	Wholesale and retail trade; transportation; accommodation and food service activities	Wholesale and retail trade, transportation, storage, accommodation, food service activities	Tertiary
J	Information and communication	Information, telecommunications, software, digital media and services	Tertiary
K	Financial and insurance activities	Financial services, banking, insurance, intermediation	Tertiary
L	Real estate activities	Real estate activities (leasing, sales, property management)	Tertiary
M-N	Professional, scientific, technical, administrative, and support service activities	Professional services, consulting, R&D, engineering, administrative and support services	Tertiary
O-Q	Public administration, education, and human health and social work activities	Public administration, defense, education, healthcare, and social services	Tertiary
R-U	Arts, entertainment, recreation, other service activities, activities of households as employers	Arts, culture, recreation, personal services, households, and extraterritorial organizations	Tertiary

Source: Mapfre Economics (using OECD information)

* In the data series obtained from the OECD, sectors D and E appear combined.

2. Sectoral structure: an analysis of selected economies

2.1 United States

Historical evolution

The sectoral evolution of the U.S. economy over the past half century reflects a profound transformation shaped by three major forces: relative deindustrialization, the expansion of advanced services, and the progressive digitalization of productive capital. At the beginning of the 1970s, the U.S. economic structure still rested heavily on manufacturing, which accounted for 23% of GDP and employed one in four workers. The country combined its position as the world's leading industrial power with a sophisticated financial system and a rapidly expanding network of business services. From the mid-1970s onward, however, the relative weight of industry began to shift persistently toward services.

During the 1980s and 1990s, this transition accelerated under the combined influence of trade liberalization, the information technology revolution, and *financialization*. The liberalization of capital flows, together with the offshoring of labor-intensive manufacturing segments to Asia and Latin America, reduced manufacturing's

share of GDP to around 15%. Importantly, this relative decline did not imply industrial collapse. In terms of physical output, manufacturing production continued to grow, supported by substantial productivity gains. Technology-intensive industries (such as aerospace, pharmaceuticals, machinery, and electronics) proved more resilient than standardized production segments.

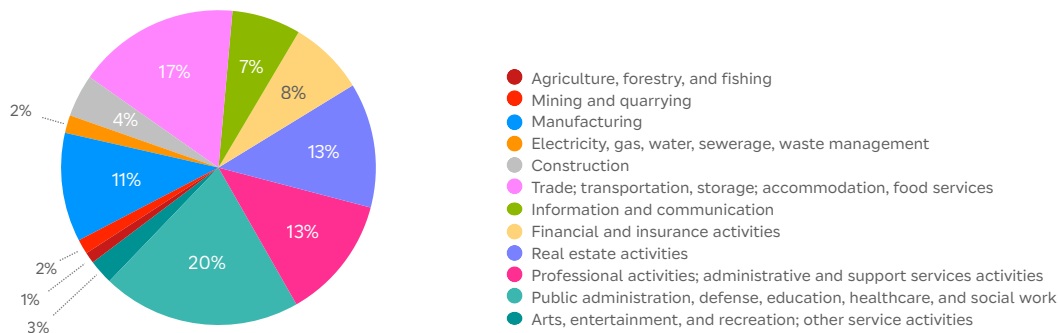
At the same time, financial, professional, and technology services expanded steadily. Wall Street consolidated its position at the core of the global financial system, while major consulting firms, insurers, and investment companies expanded their global footprint. In parallel, the emergence of Silicon Valley and the rise of the software sector marked the beginning of a new phase: the digitalization of the economy. The growth of companies such as IBM, Microsoft, and later Apple laid the foundations for the knowledge economy. Between 2000 and 2010, this transformation deepened with the rise of digital platforms. Companies such as Alphabet (Google), Amazon, Meta (Facebook), Apple, and Tesla came to dominate not only the technology sector but also global stock market capitalization. Within the S&P 500, the technology sector's share

Chart 2.1-a
United States: share of economic sectors, 1970



Source: Mapfre Economics (using OECD data)

Chart 2.1-b
United States: share of economic sectors, 2023



Source: Mapfre Economics (using OECD data)

increased from less than 5% in 1979 to more than 30% in 2024, while energy declined from 18% to 4% (see the Appendix). Communication services and healthcare also expanded, driven by growing demand for data, entertainment, and well-being in an aging and increasingly digital society.

Meanwhile, the real estate sector, traditionally marginal, gained prominence following the 2008 financial crisis, supported by the expansion of REITs (real estate investment trusts) and structured financing. It now represents close to 4% of GDP and holds a significant position in financial markets. By contrast, agriculture, which accounted for 3% of GDP in 1970, now represents just 0.9%, although it retains geopolitical relevance due to its export productivity.

In summary, the U.S. economy has shifted from a diversified industrial model to a post-industrial ecosystem centered on technology, information, and global financial services. The sectors that increased their relative weight most significantly were technology, healthcare, communications, and professional services, while manufacturing, energy, and materials declined. This transformation does not reflect a loss of productive capacity, but rather a shift in the type of added value generated by the economy (see Charts 2.1-a and 2.1-b).

Sectoral analysis

Manufacturing. When analyzing the process of deindustrialization in the U.S. economy—which has seen manufacturing decline from 23% of GDP in 1970 to 11% in 2023—the key point is that manufacturing has grown more slowly than the overall economy. As a result, it has lost relative weight, even though output has increased in absolute terms. Efficiency gains and automation have reduced manufacturing employment (with wages forming part of gross value added), while real output has continued to expand gradually. Consequently, manufacturing’s share of GDP has declined. This trend was particularly evident between 2000 and 2009, when employment fell sharply and relative added value declined even as total GDP continued to grow, resulting in a lower manufacturing share in the aggregate economy.

Three main factors explain this development: (i) comparatively faster productivity growth in manufacturing (as previously occurred in agriculture); (ii) globalization and global value chains, whereby part of manufacturing added value has been externalized to other countries through imports of intermediate and final goods, while the United States concentrates higher value segments (R&D, design, software) that are classified as services—shifting added value toward professional, scientific, technical, and information services; and (iii) changes in demand composition, as rising income levels

lead households to allocate a larger share of spending to services (healthcare, education, leisure) rather than goods.

Research by the International Monetary Fund (IMF)³ and the Peterson Institute for International Economics (PIIE)⁴ shows that the declining share of manufacturing in advanced economies is driven primarily by domestic structural factors rather than a loss of international competitiveness. Manufacturing productivity has risen so rapidly that less added value is required to produce the same level of output, while consumer demand has shifted toward services. As a result, manufacturing's share of GDP declines even if real output continues to grow.

Financial and insurance services. The share of finance and insurance in U.S. GDP has increased since the 1970s and 1980s, albeit with fluctuations linked to financial cycles. The Bureau of Economic Analysis (BEA) publishes specific series through Federal Reserve Bank of St. Louis's Federal Reserve Economic Data (FRED) database, which show both the sector's real added value (gross value added) and its percentage relative to GDP. The secular increase in its share (with peaks prior to the global financial crisis) reflects financial deepening, innovation (derivatives, asset management), the expansion of intermediation services, and the growth of institutional savings. This macroeconomic narrative aligns with the "intangible economy": greater intellectual and financial capital, expanded risk management and balance sheet services, and increased monetization of financial services across the economy.

Real estate. Real estate has been a stabilizing (and at times growing) component of U.S. gross value added due to a key accounting feature: it includes the imputed rent of owner-occupied housing. In a country with high homeownership rates and deep real estate markets, the sector maintains a relatively high and stable share in the overall composition of added value.

Professional, scientific, technical, and administrative support services. This constellation of business services has been one of the clearest drivers of the expansion of the U.S. service economy. It encompasses high-value activities closely linked to industrial modernization: R&D,

engineering, consulting, design, marketing, customized software, and corporate services such as business process outsourcing (BPO), among others. Part of the added value that manufacturing has "lost" reappears in this category. Manufacturing firms increasingly outsource functions, and in global value chains, the "brain" of the product (design, intellectual property, algorithms, branding) is measured as a service. The OECD classifies these activities as "knowledge-intensive services."

Information and communications. Since the 1990s, digitalization has driven growth in information technology, software, and digital content. The United States concentrates global leadership in digital platforms, semiconductor design, cloud computing, and artificial intelligence (AI). The rise of intangible assets—software and data in particular—has blurred traditional sectoral boundaries. Activities that were once classified as "industrial" are now recorded as "digital services" (for example, software delivered through subscription models).

Trade, transportation, accommodation, and food services. This group expanded until the mid-2000s, supported by consumption growth and global logistics integration. The financial crisis, the expansion of e-commerce, and pandemic-related restrictions introduced volatility. Over the long term, however, its share has remained stable or moderately increased.

Education, healthcare, and public administration. The public-social sector has increased its share since the 1970s, primarily driven by healthcare (population aging, medical technology, insurance expansion) and stable public spending. In terms of added value, healthcare has contributed more to growth than education or public administration. Programs such as Medicare and Medicaid, relative price dynamics in care services, and evolving social preferences have sustained this upward trend.

Construction and utilities. Construction is cyclical: its share rises during real estate and infrastructure booms and declines during recessions, but it does not exhibit the same long-term secular shift as manufacturing or finance. Utilities (electricity, gas, water, and waste management) maintain relatively stable or slightly declining shares due to energy efficiency gains and regulatory changes. However, the

transition toward renewable energy and smart grids is generating new investment and additional gross value added.

The U.S. experience confirms the structural transformation hypothesis: first agriculture lost share (a process largely completed by the mid-20th century), then manufacturing declined, and finally services became dominant. In the 1970s, manufacturing still held a significant share. Since then, however, the economy has tilted decisively toward services. Finance, real estate, professional services, information, and healthcare and education have been the primary beneficiaries. Manufacturing has not disappeared; rather, it produces more with fewer inputs and increasingly relies on complementary services. Part of the value once generated “within the factory” now resides in a broader service ecosystem, reducing manufacturing’s relative share in sectoral accounts. For decades, analyses by the PIIE (Peterson Institute for International Economics) and the IMF have emphasized that this process is driven less by trade dynamics than by productivity gains and evolving consumer preferences.⁵

Recent trends. Recent developments have been shaped by supply chain reshoring, the Inflation Reduction Act (2022), the CHIPS and Science Act (2022), and renewed emphasis on domestic manufacturing. The pandemic, supply bottlenecks, and geopolitical tensions have prompted initiatives to relocate production of semiconductors, batteries, and medical equipment. These measures are stimulating investment and may increase manufacturing added value, both in absolute and relative terms, in the short run. Nevertheless, even proponents of reindustrialization acknowledge that structural forces (productivity growth, service demand, and intangible assets) remain in place. The baseline scenario therefore assumes that services will continue to dominate. Manufacturing may stabilize or recover some share if the industrial base expands (chips, electric vehicles) and if industrial policy successfully anchors high-value services (R&D, software, design). However, the “new equilibrium” is likely to remain service-intensive (see Box 3).

Over the past half century, sectoral evolution in the U.S. economy has been clear: a declining relative share of manufacturing and an expanding

share of services—particularly finance and insurance, professional and business services, information, and real estate—while construction and utilities have remained broadly stable. The underlying drivers are differential productivity growth, shifting consumer preferences, the expansion of services and intangible assets, and the global reconfiguration of production chains. Manufacturing remains crucial, especially in high-technology and export-oriented segments, but the center of gravity of the U.S. economy, measured in terms of gross value added, has ultimately shifted toward services.

Structural drivers of the transformation

The sectoral transformation of the U.S. economy reflects a set of interrelated structural forces that extend well beyond cyclical fluctuations. Chief among them are technological change, production globalization, demographic transition, financial liberalization, and the reorientation of domestic demand toward knowledge-intensive goods and services.

Technological change and digitalization

Since the 1980s, the United States has led successive waves of technological innovation: personal computing, the Internet, biotechnology, big data, and artificial intelligence. The large-scale incorporation of intangible capital (software, algorithms, patents, and data) has raised both labor and capital productivity. This dynamic has reduced manufacturing’s relative share of GDP without implying a decline in physical output. Technology firms have achieved higher margins with comparatively lower labor intensity, helping explain why manufacturing employment declined even as efficiency improved.

Globalization and global value chains

Trade liberalization and agreements such as NAFTA (1994) facilitated the expansion of global supply chains. U.S. multinationals relocated part of their production to Asia and Mexico, while retaining design, marketing, and financial services within the United States. This process shifted added value toward knowledge-intensive services, concentrating growth in innovation hubs and financial metropolises (San Francisco, New York, Boston).

Financial liberalization and corporate concentration

The deregulation of capital markets beginning in the 1980s (culminating in the repeal of the Glass-Steagall Act in 1999) facilitated the expansion of universal banking and the global integration of financial markets. This change made it possible to finance technological innovation, but it also strengthened the *financialization* of the economy, in which capital flows are increasingly directed toward digital, real estate, and equity assets. The rise of share buybacks and corporate concentration reinforced the dominance of large technology companies.

Transformation of domestic demand and social structure

Population aging and rising per capita income shifted spending toward healthcare, education, leisure, and well-being services. Consumption of physical goods grew more slowly than that of digital and intangible services. This shift in preferences, combined with the declining cost of imported manufactured goods, reinforced the expansion of the tertiary sector.

Economic policy and institutional ecosystem

The United States maintained an indirect industrial policy based on tax incentives, defense spending, and public-private innovation

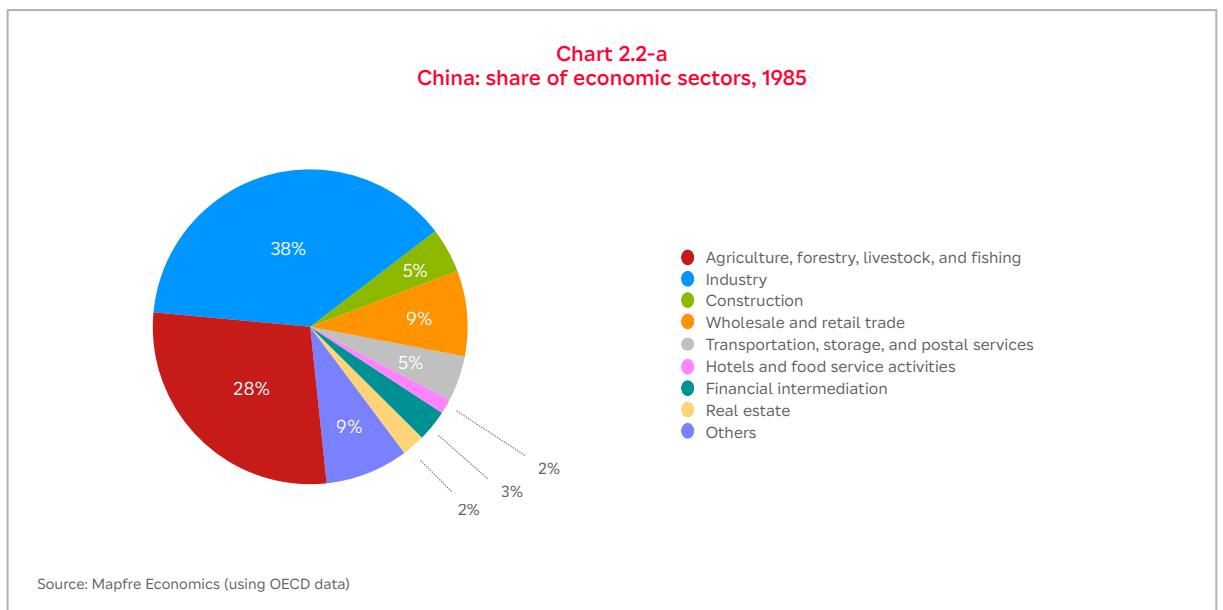
(DARPA, NASA, NIH). Recent programs, such as the *CHIPS and Science Act* (2022) and the *Inflation Reduction Act* (IRA, 2022), aim to reindustrialize the country in strategic areas (semiconductors, clean energy, batteries) and to reduce external dependence. However, the transition toward a global technological and financial economy is already well established: today, intangible capital and knowledge-intensive services constitute the core of structural growth in the United States.

2.2 China

Historical evolution

The sectoral evolution of the Chinese economy since 1978 represents one of the most profound economic transformations in modern history. In less than half a century, China has moved from a predominantly agricultural and centrally planned structure to a diversified industrial and technological economy competing at the global innovation frontier. In 1985, the primary sector (agriculture, forestry, and fishing) accounted for more than 28% of China’s GDP; industry slightly exceeded 45%; and services represented less than 25%. By 2024, these proportions had reversed: services account for more than 53% of GDP, industry around 39%, and agriculture less than 8%.

The first phase (1978–1992) was shaped by Deng Xiaoping’s reforms, which decentralized agricultural management and opened space for



Box 2.2

The role of state-owned enterprises and SMEs in China

A distinctive feature of China's development model is the structural coexistence of large state-owned enterprises (SOEs) and an extensive network of small and medium-sized enterprises (SMEs), both integrated into a national strategy guided by the Five-Year Plans. Rather than constituting opposing segments, these two types of actors perform complementary functions: SOEs provide scale, stability, and strategic control; SMEs contribute flexibility, innovation, and productive connectivity. A World Bank report confirms this dual vision, noting that SOEs operate formally "in the market," but do so with additional mandates (social, political, and national security) that explain why the government views them as instruments of industrial policy rather than purely commercial enterprises.

SOEs serve as the operational arm of the government to ensure industrial sovereignty. Since the 1980s, they have remained active in sectors that Beijing considers strategic pillars: energy, transportation, telecommunications, defense, steel, and petrochemicals. With the creation of the government-owned Assets Supervision and Administration Commission of the State Council (SASAC) in 2003, SOEs were reorganized into modern conglomerates with professionalized management, a stronger focus on profitability, and partial opening to private capital. These enterprises benefit from favorable conditions (better access to credit, land, and public contracts), creating asymmetries relative to private firms. However, these advantages are justified by their strategic role and their capacity to execute large-scale projects under the Five-Year Plans. In recent decades, the government has assigned them the task of leading investment in advanced manufacturing, digitalization, clean energy, critical infrastructure, and core technologies. Their function is not to maximize short-term profits, but to ensure national capacity in sectors where the government considers external dependence to pose systemic risks.

The Five-Year Plans recognize that innovation does not originate solely from the top down, but from a network of specialized medium-sized and small enterprises. SMEs account for around 60% of GDP and 70% of urban employment and are the mechanism that translates state planning into tangible economic dynamism. From the rural Township and Village Enterprises (TVEs) of the 1980s to today's niche technology firms, SMEs have driven incremental innovation,

flexible manufacturing, and rapid technological diffusion across the economy. Starting with the 12th Five-Year Plan, and especially under the "Mass Entrepreneurship and Innovation" program, the government adopted an explicit policy to promote startups, incubators, technology parks, and targeted financing mechanisms. The public financial system (China Development Bank, Export-Import Bank of China, and ICBC) has established preferential credit lines for innovative SMEs, while provincial governments provide tax incentives, subsidies, and access to industrial land.

The World Bank report referenced above highlights a key point: SOEs operate under a dual mandate that makes them less agile and more conservative at the microeconomic level, whereas SMEs are significantly more effective in high-dynamism technological activities. For this reason, recent Five-Year Plans include governance reform mechanisms aimed at requiring SOEs to improve efficiency, transparency, and financial discipline. The objective is not privatization, but to ensure that they function as "national champions" capable of pulling the entire value chain forward. This explains the strategy of "mixed ownership," in which public and private capital are combined in companies that operate with market incentives under a framework of government direction.

The result is a deeply interdependent system. SOEs set industrial standards, provide infrastructure investment, and generate stable demand for domestic industry; SMEs fill specialized niches, supply key components, drive incremental innovation, and offset the agility constraints of large enterprises. The relationship is vertical and cooperative rather than horizontal and competitive. In sectors such as electric vehicles, high-speed rail, renewable energy, and artificial intelligence, this complementarity has enabled China to advance rapidly: SOEs finance and build national infrastructure, while SMEs produce batteries, sensors, software, and components that make productive sophistication possible. It is an ecosystem that combines strategic planning with distributed dynamism.

This model also functions as a macroeconomic stabilizer. SOEs sustain countercyclical investment during periods of crisis (as observed during the pandemic), while SMEs absorb labor and diversify the industrial structure. The risk, as noted in the report itself, is that the institutional advantages enjoyed by SOEs may crowd out

Box 2.2 (continued)
The role of state-owned enterprises and SMEs in China

more efficient private firms and generate suboptimal resource allocation. However, the government is aware of this dilemma, which is why over the past decade it has pursued governance reforms, stronger financial discipline, and regulated competition between public and private enterprises.

In conclusion, China's industrial policy is not based on choosing between government and market, but on orchestrating both. While the

Five-Year Plans provide the strategic vision, SOEs ensure national capacity and investment scale, and SMEs contribute innovation, speed, and adaptability. The model is hybrid and coordinated: neither purely state-led nor purely competitive. Its effectiveness rests not only on economic incentives, but also on the institutional architecture that integrates public and private companies, along with local governments, into a single national project of industrial and technological transformation.

private initiative The “household responsibility system” replaced rural communes, increasing productivity and releasing labor to urban areas. At the same time, the creation of Special Economic Zones (Shenzhen, Zhuhai, Xiamen, Shantou) attracted foreign investment focused on light manufacturing and exports. This stage saw rapid growth in the secondary sector, particularly in textiles, footwear, assembly operations, and basic electronics, where joint ventures with foreign capital became a key driver of development. The second phase (1992–2001) consolidated industrialization and China's global integration. The “socialist market economy” was formalized following the 14th Congress of the Communist Party (1992), and reforms of state-owned enterprises began. Heavy industry, chemicals, and steel expanded rapidly. In parallel, township and village enterprises (TVEs) emerged, combining local and state capital and generating decentralized employment and production (see Box 2.2). China's accession to the World Trade Organization (WTO) in 2001 marked the beginning of a third phase, characterized by unprecedented growth in exports and foreign direct investment.

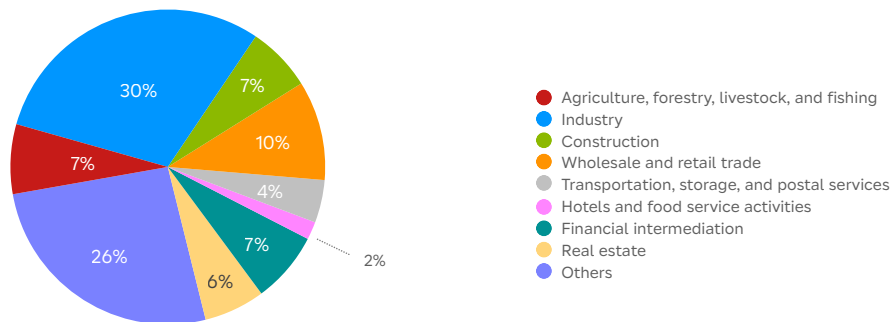
Between 2001 and 2012, China consolidated its role as the “world's factory,” with industry exceeding 45% of GDP and strong dynamism in machinery, metallurgy, and electronics manufacturing. However, as wages increased and capital shifted toward higher added value sectors, the country began a process of “rebalancing.” The 2011–2015 Five-Year Plan introduced the concept of “high-quality

growth,” promoting services, innovation, and domestic consumption as new drivers of development.

From 2013 onward, under Xi Jinping's presidency, the “new normal” model became established, characterized by slower quantitative growth but greater structural sophistication. Financial services, information services, education, tourism, and healthcare expanded their share of GDP. The technology sector, driven by conglomerates such as Huawei, Alibaba, Tencent, Xiaomi, and BYD, evolved from a marginal role to represent more than 10% of added value. The real estate sector—virtually nonexistent in 1990—expanded rapidly, reaching nearly 9% of GDP in 2019, before stabilizing following credit restrictions introduced from 2020 onward (see Charts 2.2-a and 2.2-b).

China's current economic structure reflects a triple identity: it remains industrial, with a strong manufacturing and energy base, while simultaneously emerging as a technological and service power. Unlike the experience in Western economies, manufacturing has not lost relative weight; rather, its composition has shifted from labor-intensive production toward capital goods, transportation, and advanced technology manufacturing. Overall, China's sectoral evolution represents upward industrialization coexisting with the controlled expansion of services within a framework of strategic planning and government oversight.

Chart 2.2-b
China: share of economic sectors, 2024



Source: Mapfre Economics (using OECD data)

Sectoral analysis

Agriculture, forestry, and fishing. In 1985, the agricultural sector in China still accounted for 28% of GDP in terms of gross value added. The mechanization and automation of agricultural activities, developments that occurred later in China than in many other countries, are comparatively more recent. In 2000, the sector still represented 15% of GDP; by 2024, its share had declined to just 7%. The structural transformation of the economy toward services, and the corresponding decline in the weight of agriculture, culminated in a major rural-to-urban transition. Today, the primary sector represents only a small fraction of total GDP, although its physical output and strategic relevance remain high.

Manufacturing. Manufacturing constitutes the defining feature of China's sectoral structure. Manufacturing's share of GDP has remained remarkably stable, at around 30% of the economy (approximately 37% when the entire secondary sector, including construction, is considered), despite decades of productivity gains that, in other economies, pushed the manufacturing share downward. China offset this dynamic by increasing both the scale and complexity of its production (electronics, machinery, vehicles, telecommunications equipment, chemicals, among others), expanding capacity and moving up the technological ladder. As a result, the same pattern of relative deindustrialization observed in the United States

has not occurred, insofar as the manufacturing base has continued to serve as the backbone of GDP.

Construction. This sector expanded strongly during the years of rapid urbanization and the real estate boom. More recently, however, its share has stabilized following the housing cycle adjustment and tighter debt discipline for developers and local governments. Construction remains significant, although the real estate correction has reduced its momentum within the economy.

Trade, transportation, accommodation, and food services. China is a major logistics and commercial power. The share of trade and transportation has increased with integration into global supply chains and, subsequently, with the expansion of the domestic market. Overall, this sector shows a moderate upward trend consistent with the growth of consumption and domestic tourism.

Information and communications technologies. This group of activities, classified within the "Other" segment, has increased significantly over the past four decades. Gross value added in information and communications activities has risen steadily in recent decades. This growth reflects, on one hand, the expansion of e-commerce and digital payments and, on the other, the greater adoption of cloud services and technological solutions by industrial and service firms. The sector's evolution reflects

the increasing use of digital infrastructure in households and in production, raising its share of gross value added (GVA) compared with earlier periods.

Financial intermediation. This sector has also increased significantly, from 3% in 1985 to 7% in 2024, with a peak of 8% during the real estate boom between 2015 and 2020. Its share has risen structurally as financial intermediation deepened, with expansion in insurance, asset management, and digital banking. At the same time, the government seeks to ensure that finance serves the real economy, channeling selective stimulus toward strategic sectors (chips, batteries, materials, equipment).

Real estate. For many years, this sector has been sizable due to the housing cycle and the way housing services are valued in the national accounts. In 2023, China revised its GDP calculation using new housing metrics (shifting to rental-value estimates), which increased the contribution of real estate services and of the tertiary sector more broadly. This adjustment did not materially alter the growth rate, but it did affect sectoral composition. Given the current real estate adjustment, a more moderate expansion of this sector can be expected compared with the past decade.

Professional, scientific, and technical services; and administrative and support services. This sector shows a clear upward trend. Industry itself is increasingly oriented toward service-related activities such as R&D, design, engineering, maintenance, advanced logistics, marketing, and process outsourcing, thereby raising the added value of services. In China, advances in technological capability (sensors, automation, robotics, industrial software) are driving growth in professional services. China resembles advanced economies in that services now dominate GDP, but it differs in maintaining a high and stable industrial and manufacturing share, consistent with its role as a major production platform and its strategy of continuous technological upgrading.

Structural drivers of the transformation

China's structural transformation has not been spontaneous; rather, it is the result of a delib-

erate medium- and long-term development strategy based on a sequence of institutional reforms, industrial policies, and demographic changes. The factors explaining this transformation can be grouped into five main pillars:

Economic policy and strategic planning

Unlike Western economies, China's sectoral transformation was directed by the government. The Five-Year Plans explicitly established sectoral priorities (initially agriculture, then heavy industry, and later technology and services). Beginning with the 11th Five-Year Plan (2006–2010), the concept of an “innovation-driven economy” was introduced, promoting strategic sectors such as electronics, telecommunications, rail transport, and renewable energy. Programs such as Made in China 2025 (2015) and the “Dual Circulation” strategy (2020) reaffirm the objective of technological self-sufficiency and the strengthening of the domestic market.

Controlled opening and technological learning

Opening to foreign capital did not imply full liberalization, but rather a controlled exchange of technology for market access. For decades, foreign firms were required to form joint ventures with local partners, transferring industrial and managerial knowledge. This process enabled the rise of national champions in technologically complex sectors (Huawei in telecommunications, CRRC in rail transport, CATL in batteries). China's industrial policy was selective: it protected strategic sectors and gradually promoted import substitution.

Demographic and migratory transformations

Structural change was underpinned by a massive transfer of labor from rural areas to cities. Between 1980 and 2020, more than 500 million people left the agricultural sector. This process, coordinated through the *hukou* household registration system, generated an abundant supply of low-cost urban labor, facilitating manufacturing competitiveness. At the same time, rising urban incomes supported the expansion of domestic consumption and services.

Massive investment in infrastructure and human capital

Since the 1990s, China has systematically invested in transportation, energy, education, and research. Spending on R&D now exceeds 2.5% of GDP, and the country produces more engineers than the United States and the European Union combined. This accumulation of capabilities enabled the shift from low added value sectors to high-technology industries such as robotics, biotechnology, and semiconductors.

Structural rebalancing and sustainability

Since 2015, economic policy has aimed to reduce dependence on investment and exports by promoting domestic consumption and services (see Box 3). However, unlike Western economies, China has not undergone deindustrialization; it has maintained its manufacturing base as a strategic pillar, integrating automation and digitalization. Recent “carbon neutrality” policies and the expansion of the renewable energy sector are generating a new cycle of industrial investment.

In summary, the structural drivers of China’s transformation combine central planning, selective openness, and accelerated technological adaptation. Whereas Western economies reduced their industrial base due to productivity dynamics and relative cost shifts, China preserved and transformed its manufacturing foundation, integrating it into an ecosystem of services, innovation, and technology that enables it to sustain increasingly complex growth. The Chinese model represents a distinctive path to modernization: persistent industrialization combined with directed digitalization, with the government acting as the principal architect of sectoral change.

2.3 Japan

Historical evolution

The sectoral evolution of Japan’s economy from the postwar period to the present constitutes one of the most emblematic cases of industrial development and, at the same time, one of the clearest examples of transition toward a service-

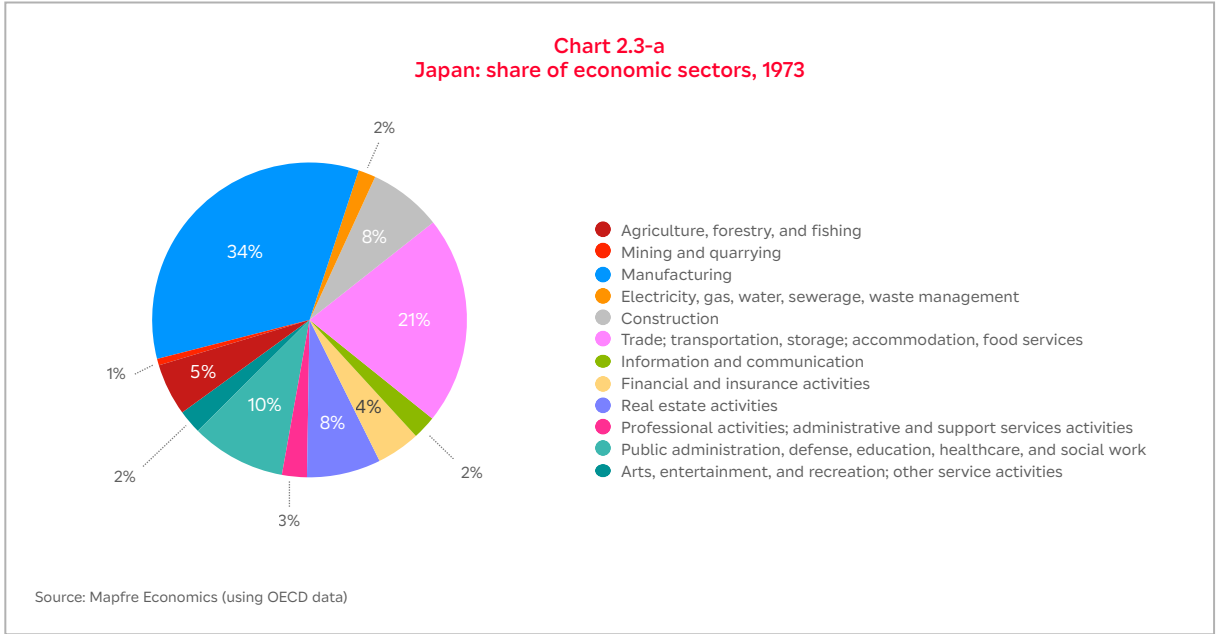
and advanced technology-based economy. In the 1950s, Japan was still an economy rebuilt on basic industrial foundations (textiles, steel, light machinery), with a significant agricultural sector and limited global integration. However, the period between 1955 and 1973, known as the “Japanese economic miracle,” transformed its productive structure. Industry increased from less than 30% of GDP to more than 45%, while agriculture declined to 9%.

Throughout the 1970s, Japan consolidated its position as a high-productivity manufacturing power, with industrial conglomerates (*keiretsu*) dominating sectors such as automobiles, electronics, machinery, and steel. Companies such as Toyota, Nissan, Honda, Sony, Panasonic, and Hitachi led exports of capital goods and durable consumer products, making Japan the principal competitor of the United States in global markets. By 1980, the country had reached a characteristic balance: manufacturing accounted for 40–45% of GDP and services around 50%, within a fully developed urban and export-oriented economy.

The 1990s marked a turning point. The financial and real estate bubble (1986–1991) and its subsequent collapse triggered a prolonged period of stagnation (the “lost decades”). From that point onward, manufacturing’s share began to decline gradually to around 20% of GDP, while services exceeded 70%.

In the 2000s, Japan adapted to the emerging digital economy through a model less dependent on export volume and more focused on incremental innovation. Companies such as Nintendo, SoftBank, Rakuten, and Keyence emerged as leaders in technology services, precision electronics, and communications. The healthcare sector also gained importance in response to demographic aging and the expansion of welfare services. Unlike China or South Korea, Japan did not pursue quantitative industrial expansion; instead, it emphasized technological sophistication and internal automation.

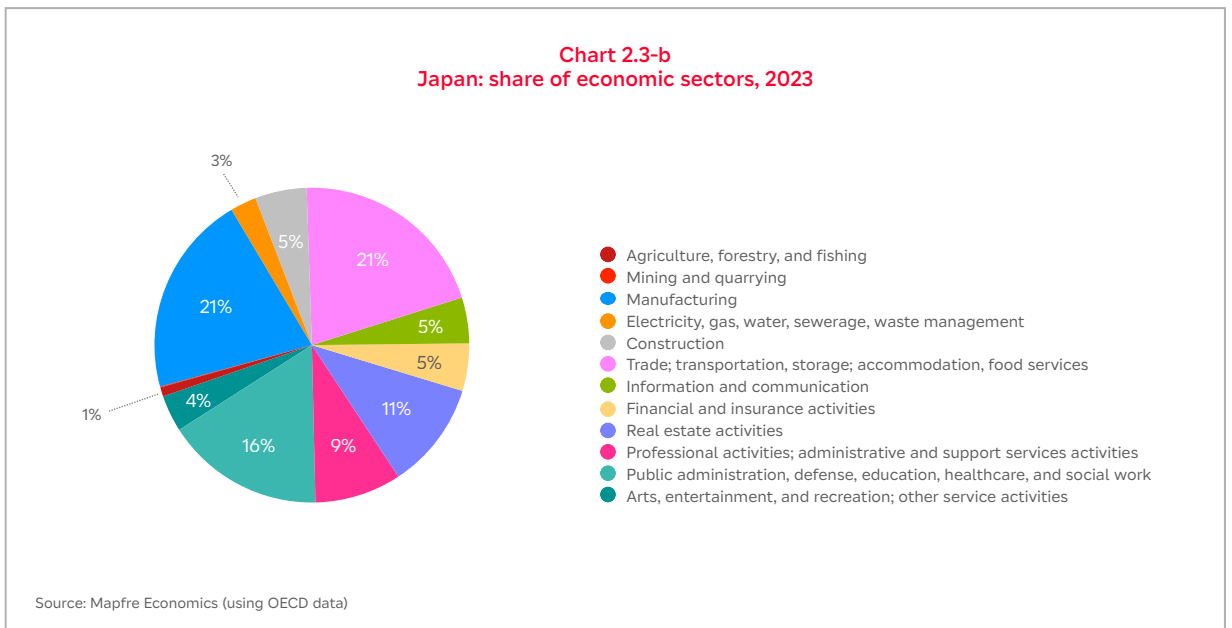
Today, Japan maintains an economic structure in which industry remains central but with a smaller relative share: manufacturing (approximately 21% of GDP), services (approximately 72%), and agriculture (approximately 1%). The automotive and advanced electronics industries continue to serve



as key export pillars, while financial, logistics, technological, and health services support domestic growth (see Charts 2.3-a and 2.3-b). As illustrated in the Appendix of this report, the Nikkei 225 reflects a similar shift: the combined share of technology, communications, and health has increased from less than 10% in 1980 to nearly 35% in 2024. Japan has thus become a highly technological service economy in which productivity and knowledge have replaced large-scale industrial expansion as the principal structural drivers of growth.

Sectoral analysis

Agriculture, forestry, and fishing. The weight of the agricultural sector in Japan has declined steadily since the 1970s, due to rising agricultural productivity, urbanization, and changes in consumption patterns. Japan also faces structural constraints (an aging rural population, limited flat land, and fragmented farm holdings) that have reduced the sector’s contribution to GDP, even though physical output remains relatively stable for food security reasons.



Industry (mining, manufacturing, energy, water/waste management) and manufacturing. Following the industrial boom of the high-growth period (1960–1970), manufacturing's share declined gradually from the 1980s onward, particularly after the collapse of the real estate bubble. This reduction in relative weight does not imply deterioration in productive capacity; real output continued to grow, but services expanded more rapidly. Japanese industry retains competitiveness in advanced technology niches and maintains a strong export orientation with high added value. The 2024 Manufacturing White Paper (METI) shows how Japanese industry has restructured toward an integrated global production model (manufacturing where demand is located), while design and research and development activities remain in Japan. The result is a more efficient, digitalized, and globalized manufacturing sector whose declining relative share reflects structural dynamics rather than loss of competitiveness.

Construction. The construction sector has historically been cyclical. After peaks in public and private investment in the 1980s, it entered a prolonged adjustment phase following the bubble. It later rebounded during reconstruction periods (for example, after the 2011 earthquake) and with major infrastructure projects and international events. Its share of GDP fluctuates, but without a clear long-term trend.

Trade, transportation, accommodation, and food services. Trade and logistics maintain a structurally strong presence. Since the 2010s, the expansion of international tourism has significantly boosted accommodation and food services. Following pandemic-related restrictions, Japan has experienced a tourism boom fueled by a weak yen, which has increased visitor spending and strengthened the weight of this segment within service-sector GDP.

Information and communications. Since the 1990s, this sector has gained importance due to digitalization, telecommunications expansion, and the software industry. Japan has been a pioneer in robotics, automation, and software-hardware integration, resulting in part of manufacturing added value being reflected in digital services. The *servitization* of industry—linking products with technological and

maintenance services—explains much of the expansion of this segment.

Financial and insurance activities. After the banking crisis of the 1990s, the financial system consolidated and modernized. Over the long term, its share has grown moderately, supported by digital banking and pension fund asset management, though constrained by demographic aging and prudential regulation.

Real estate activities. The real estate sector maintains a relatively high and stable share of GDP. This reflects the inclusion of imputed rent of owner-occupied housing in the national accounts. This accounting component ensures a significant and relatively stable contribution to total gross value added, beyond fluctuations in the real estate market.

Professional, scientific, technical, and administrative services. This segment has increased its share in recent decades, driven by the outsourcing of engineering, consulting, design, and business support services. Japanese manufacturing has increasingly incorporated high value-added services into its supply (*servitization*), raising the sector's weight in the national aggregate.

Public administration, education, and healthcare. The share of this sector has increased steadily due to population aging and the resulting rise in healthcare and social expenditure. According to IMF studies, Japan's demographic structure reduces growth potential but increases the weight of social services within GDP.

Arts, entertainment, recreation, and other services. This group of activities shows a moderate upward trend, with strong sensitivity to economic cycles and, more recently, to the recovery of leisure and tourism.

Structural drivers of the transformation

Japan's sectoral transformation cannot be understood without considering the interaction of industrial policy, demographic change, technological innovation, and corporate structure. The process was neither abrupt nor externally imposed; rather, it resulted from a gradual reorientation of the development model toward higher value-added activities.

Directed industrial policy and state-business cooperation

From the 1950s onward, the Ministry of International Trade and Industry (MITI) played a central role in sectoral planning. Through selective protection, subsidies, and credit allocation, the MITI prioritized strategic industries (steel, automobiles, electronics, heavy machinery), driving rapid technological modernization. In the subsequent phase (1980–2000), the government reduced direct intervention but maintained strong coordination with corporate conglomerates (*keiretsu*), guiding investment toward clean technologies, robotics, and microelectronics. This policy of continuity ensured that the decline in manufacturing's relative share did not result in deindustrialization, but rather in an increase in the technological content of added value (see Box 3).

Technological change and automation

Japan was a pioneer in the early adoption of industrial robotics and flexible production systems. From the 1980s onward, fixed capital investment incorporated automated systems and numerical control, reducing manufacturing employment while increasing productivity. The rise of firms such as Fanuc, Yaskawa, and Kawasaki Robotics consolidated Japan's leadership in automation. At the same time, rapid technological progress shifted employment toward services, particularly in finance, logistics, and engineering.

Demographics and consumption structure

Japan's rapid population aging, among the most pronounced globally, reconfigured domestic demand. Spending on healthcare, personal care, and recreation increased, while consumption of durable goods stabilized. This dynamic supported growth in healthcare, pharmaceutical, and wellness services, with companies such as Takeda, Astellas, and Eisai gaining prominence both in GDP and in the Nikkei. This pattern explains part of the shift toward services without undermining technological competitiveness.

Globalization and industrial relocation

From the 1990s onward, Japanese firms relocated part of their production to China, Thailand, and Vietnam to reduce costs, while retaining R&D, design, and management functions in Japan. This process reduced domestic industrial employment but preserved corporate profitability and value chain leadership. The automotive industry (Toyota, Honda, Nissan) adapted this model by combining global manufacturing with domestic innovation.

Financial transformation and controlled liberalization

Partial financial liberalization from the 1980s onward supported growth in banking, insurance, and investment services. Tokyo consolidated its position as a regional financial center, though without displacing Hong Kong or New York. This shift strengthened the financial sector's share in GDP and in the stock market, complementing the relative decline of manufacturing.

Sustainability and the green economy

In recent years, Japan has oriented industrial policy toward energy transition and sustainability. The Green Growth Strategy (2020) promotes sectors such as hydrogen, renewable energy, and energy efficiency. These initiatives seek to revitalize manufacturing under a framework of environmental innovation and carbon neutrality by 2050.

Taken together, the structural drivers of Japan's transformation reveal an economy that did not abandon its industrial base, but reconfigured it around automation, knowledge, and clean technology. Japan represents the clearest example of advanced tertiarization: industrial productivity remains central, yet growth is increasingly sustained by services, innovation, and demographic adaptation.

2.4 Germany

Historical evolution

The sectoral evolution of Germany's economy since the postwar period reflects a distinctive trajectory within the developed world: a process of industrial modernization without deindustrialization, in which the country has preserved a strong manufacturing core while expanding advanced services. In the 1950s, the *Wirtschaftswunder* (German economic miracle) rebuilt an economy devastated by war through close coordination among industry, banks, and the government. By the mid-1960s, manufacturing accounted for nearly 50% of GDP, and industrial employment exceeded 12 million workers. Sectors such as automotive, machinery, chemicals, and metallurgy became the pillars of growth. Companies including Volkswagen, BMW, Daimler-Benz, BASF, Siemens, and ThyssenKrupp consolidated Germany's export leadership and defined the European industrial model.

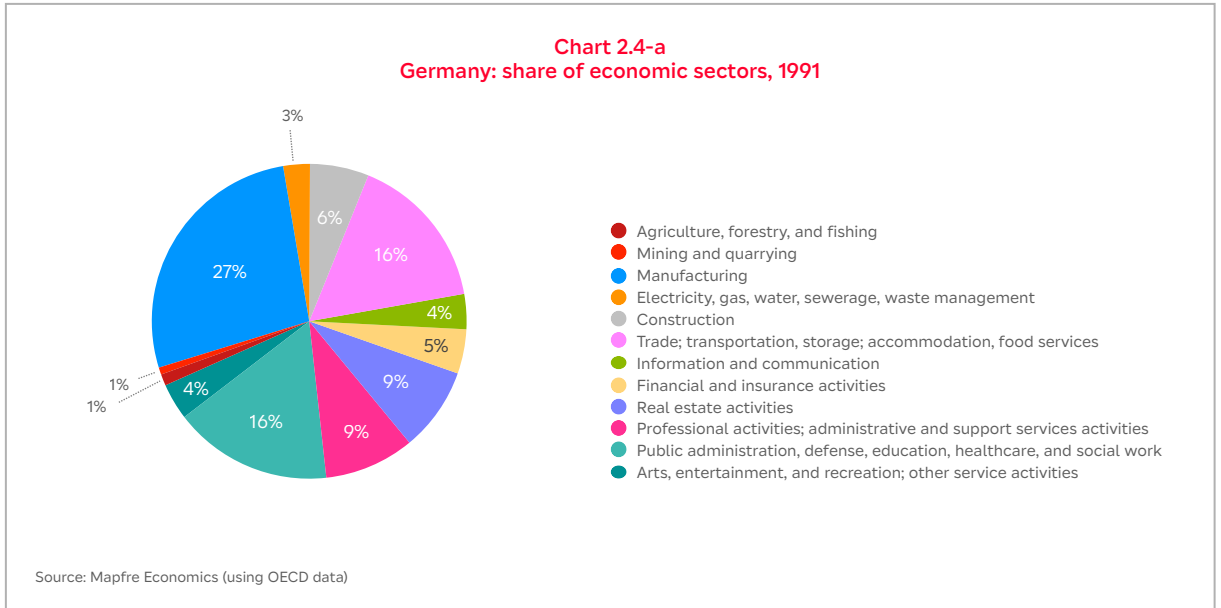
From the 1970s and 1980s onward, Germany began a process of productive diversification without losing its manufacturing base. While other advanced economies sharply reduced their industrial share, Germany stabilized it at around 30% of GDP, supported by its *Mittelstand* model—highly specialized small and medium-sized enterprises oriented toward exports and deeply integrated into regional production networks. This productive structure allowed the country to maintain competitiveness even during the oil crises and the global recession of 1981–82.

Following German reunification in 1990, the economy underwent a dual transformation: on one hand, the integration of the eastern regions; on the other, expansion toward Eastern Europe as a production platform. During this period, industry's relative share declined slightly (from 33% to 28% of GDP), while technological leadership was reinforced. New industries emerged in mechanical engineering, high value-added chemicals, advanced automotive manufacturing, and industrial electronics, while business and financial services began to expand.

Between 2000 and 2010, Germany consolidated its model as a high-end export economy. Manufacturing still accounted for more than 25% of GDP, compared with 15% in France and 11% in the United Kingdom. Labor market reforms under the government of Gerhard Schröder (Agenda 2010) and wage moderation through collective bargaining agreements strengthened external competitiveness. In the DAX index, this balance was reflected in sector composition: industry and materials still accounted for more than 40%, followed by chemicals/pharmaceuticals and consumer discretionary (see the Appendix of this report).

Over the past decade, industry's share has declined modestly to 21–22% of GDP (2024), but digital and green transformation has opened new space in renewable energy, technology, electric mobility, and automation. Companies such as SAP, Infineon, Siemens Energy, BioNTech, and Zalando represent the new frontier of Germany's productive structure, where industrial software and biotechnology are integrated into the traditional export model. Meanwhile, the financial sector remains smaller than in other developed countries, characterized by a fragmented regional banking system (*Sparkassen, Landesbanken*) and a dominant role for productive credit rather than equity-market speculation. Germany's current sectoral structure is distributed approximately as follows: services 70%, industry 22%, construction 6%, and agriculture 1%. The services that have expanded most are professional, logistics, technological, and healthcare services, closely linked to the productive apparatus (see Charts 2.4-a and 2.4-b).

In sum, Germany has preserved a sophisticated industrial identity, integrating knowledge-intensive services without abandoning advanced manufacturing, distinguishing it from other Western economies. Germany represents the paradigmatic example of an industrially advanced economy within the developed world. Despite the global process of *servitization*, manufacturing continues to represent a high share of GDP (well above the OECD average), while services have grown to dominate total gross value added. OECD and Destatis data show that Germany's sectoral structure has evolved toward a balance between high-productivity manufacturing and technical, financial, and business services supporting industry.

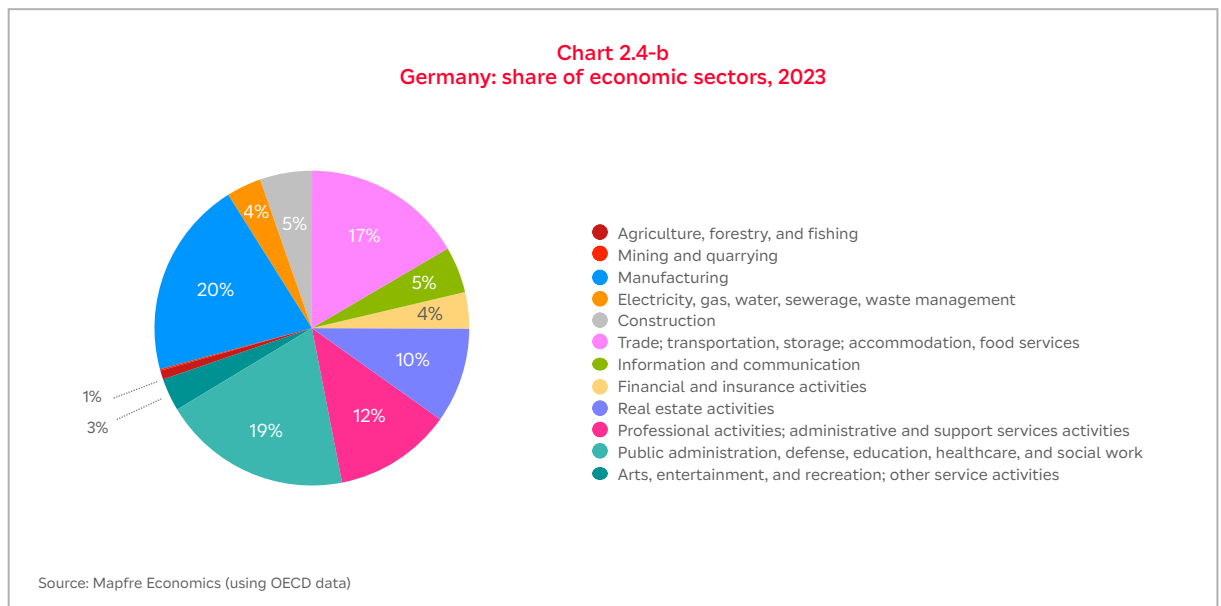


In the early 1970s, German manufacturing accounted for more than 40% of gross value added. Half a century later, its share stands at around 20%, while services exceed 70% of GDP and agriculture accounts for roughly 1%. Although this relative decline may appear to signal deindustrialization, real industrial output has continued to grow; what has changed are relative weights, driven by knowledge-intensive services and digitalization. In the years following reunification (1990), Germany underwent a period of structural adjustment: modernization of the eastern regions, restructuring of large conglomerates, privatizations, and expansion of intra-European trade. From 2000 onward, with the introduction

of the euro and fiscal consolidation, the German economy consolidated its role as Europe’s industrial export platform, specializing in capital goods, automotive manufacturing, machinery, chemicals, and electrical components.

Sectoral analysis

Agriculture, forestry, and fishing. The primary sector has steadily reduced its share since the 1970s. It now represents around 0.8% of GDP, although it remains regionally significant in Bavaria, Lower Saxony, and Brandenburg. The decline reflects very high agricultural



productivity and Germany's integration into the European Union's Common Agricultural Policy (CAP), which stabilizes prices but does not increase added value.

Industry, energy, mining, and utilities. The industrial complex remains the core of the German model. Manufacturing accounts for approximately 22–23% of GDP, a share that has declined only slightly since the 1990s, much less than in other OECD countries. Within this segment, automotive, machinery, chemicals, electrical engineering, and optics stand out, accounting for more than 60% of total manufacturing added value. Energy-related activities have gained visibility over the past decade due to the energy transition (*Energiewende*), which involves substantial investment in renewables, power grids, and efficiency. Although their share of GDP is modest (2–3%), their strategic importance is high. German industry combines high wages with high productivity, supported by the dual training system, employer-union coordination, and specialization in exportable capital goods. German industry competes not on cost, but on quality and incremental innovation, which explains its resilience in the face of automation and Asian competition.

Construction. Construction has exhibited cyclical fluctuations linked to public investment and the real estate cycle. After a weak period in the 2000s, it rebounded strongly in the 2010s, supported by low interest rates, urbanization, and energy-efficiency policies. Nevertheless, its share of GDP remains relatively stable (4–5%), with a slight upward trend in recent years due to residential expansion and infrastructure modernization.

Trade, transportation, accommodation, and food services. This segment constitutes one of the main pillars of the service sector. Wholesale and retail trade maintain a stable share, supported by strong domestic consumption and logistics associated with intra-European trade. Transportation and storage have expanded as a result of continental logistics integration (ports, railways, highways, airport hubs). Accommodation and food services, smaller compared with other countries, have gained ground through urban and business tourism. Taken together, this segment represents around 17–18% of GDP, a figure that has remained relatively constant over recent decades.

Information and communications. This sector has experienced sustained expansion, though from a smaller base than in the United States or the United Kingdom. Germany has advanced in corporate digitalization, industrial software, telecommunications, and data services, although IT productivity still shows regional disparities. In terms of added value, the sector accounts for approximately 4–5% of GDP and follows an upward trajectory. It is currently a priority area of public policy, particularly within the framework of the “Digital Strategy 2025” program.

Financial and insurance activities. Germany's financial system is diversified and prudent, with regional public banks (*Landesbanken*), cooperatives, and large universal banks. The sector's share has increased slightly since the 1980s, standing at around 4–5% of GDP. Unlike London or New York, Frankfurt functions more as a European intermediation center than as a global trading hub, which explains the sector's moderate but stable expansion.

Real estate activities. The real estate sector represents approximately 11–12% of GDP, one of the highest proportions in the OECD. As in other European countries, this figure includes imputed rent of owner-occupied housing, which contributes to its stability over time. Housing shortages in major cities and a cultural preference for renting have maintained this share with limited variation, despite price moderation since 2023.

Professional, scientific, technical, and administrative services. This segment has grown strongly over the past two decades, accompanying digital transformation and corporate outsourcing. Germany has developed a robust ecosystem of engineering, consulting, R&D, legal, and technical services linked to its export-oriented industry. Its share now stands at around 10% of GDP and continues to increase. Together with information and communications, it constitutes one of the main pillars of Germany's “knowledge economy.”

Public administration, education, and healthcare. Growth in this segment reflects the expansion of the welfare state and rising healthcare demand in an aging population. At around 18% of GDP, these activities have become a structural component of the service sector. Spending on

education, science, and health is high compared with the European average, reinforcing human capital quality and social stability.

Arts, entertainment, recreation, and other services. Smaller in scale (around 4% of GDP), this group benefits from the expanding cultural economy and urban tourism (Berlin, Munich, Hamburg). Its trajectory is upward, with notable recovery following the pandemic.

Structural drivers of the transformation

Germany's ability to maintain a solid and competitive industrial base over seven decades reflects a distinctive combination of economic institutions, corporate culture, technological innovation, and strategic industrial policy. Sectoral transformation has not been based on replacing industry with services, but on their functional integration within a value-added ecosystem.

Institutional model of the social market economy

Since the postwar period, Germany has adopted an economic framework combining free enterprise with strong social coordination. The co-determination system (*Mitbestimmung*), under which workers participate in corporate governance, together with sectoral bargaining between unions and employer associations (IG Metall, Gesamtmetall), has generated wage stability and predictability. This balance has supported long-term investment in technology and infrastructure, avoiding the cycles of industrial relocation experienced in other countries.

The role of the Mittelstand and regional industrial networks

The core of Germany's strength lies in its network of export-oriented SMEs specializing in technological niches: precision machinery, electrical components, chemical engineering, optics, and automation. Distributed across regions such as Bavaria, Baden-Württemberg, and North Rhine-Westphalia, these firms combine artisanal tradition, technical training (dual system), and global orientation. The *Mittelstand* (SMEs) functions as a decentralized

innovation network that supports large corporations and reinforces regional resilience.

Technological innovation and specialization in capital goods

Germany has consistently prioritized sectors characterized by high complexity and significant barriers to entry: automotive, chemicals, mechanical engineering, and, more recently, industrial electronics and technical software. Cooperation among universities, Fraunhofer research institutes, and companies has generated an applied innovation system—more incremental than disruptive, yet highly effective. The result has been a capital-intensive, knowledge-driven industrial base that sustains high productivity without reliance on large financial conglomerates.

Demographics and shifts in consumption patterns

Population aging, similar to Japan's though less severe, has driven growth in healthcare, social, and financial services. However, export orientation and labor immigration from Eastern Europe have offset the decline in the working-age population, maintaining an operational manufacturing base. Domestic consumption patterns have shifted toward high-quality durable goods and wellness-related services, reinforcing the role of sectors such as health and leisure.

Energy policy and ecological transition

The *Energiewende* (energy transition), launched in 2011 following the Fukushima accident, constitutes the most significant recent sectoral reconfiguration project. The gradual closure of nuclear power plants and the expansion of renewable energy (solar and wind) have transformed the energy sector and stimulated new industries in storage, smart grids, and energy efficiency. At the same time, European environmental policy is driving the conversion of the automotive sector toward electric and sustainable vehicles.

Digitalization and industrial technological integration

Since 2015, the Industrie 4.0 program has sought to integrate digitalization into the production chain, promoting automation, the use of industrial data, and applied artificial intelligence (see Box 3). This strategy aims to preserve manufacturing leadership in a context of global competition with China and the United States. Although adoption has been uneven, sectors such as machinery, automotive manufacturing, and industrial electronics already operate under this hybrid paradigm of manufacturing and software.

Macroeconomic stability and export orientation

Chronic trade surpluses and fiscal discipline have supported long-term investment without creating external vulnerability. The German model rests on the European Central Bank's prudent monetary policy and on a financial framework that prioritizes stability. This institutional coherence explains the continuity of the industrial-export pattern.

Taken together, the structural drivers of Germany's transformation reveal an economy that evolves without breaking from its productive DNA. Unlike the United States or the United Kingdom, where financial services dominated structural change, Germany has maintained a balance among manufacturing, technology, and industry-supporting services. Incremental innovation, technical human capital, and institutional cooperation have enabled the country to sustain one of the most balanced and resilient sectoral structures in the world.

2.5 United Kingdom

Historical evolution

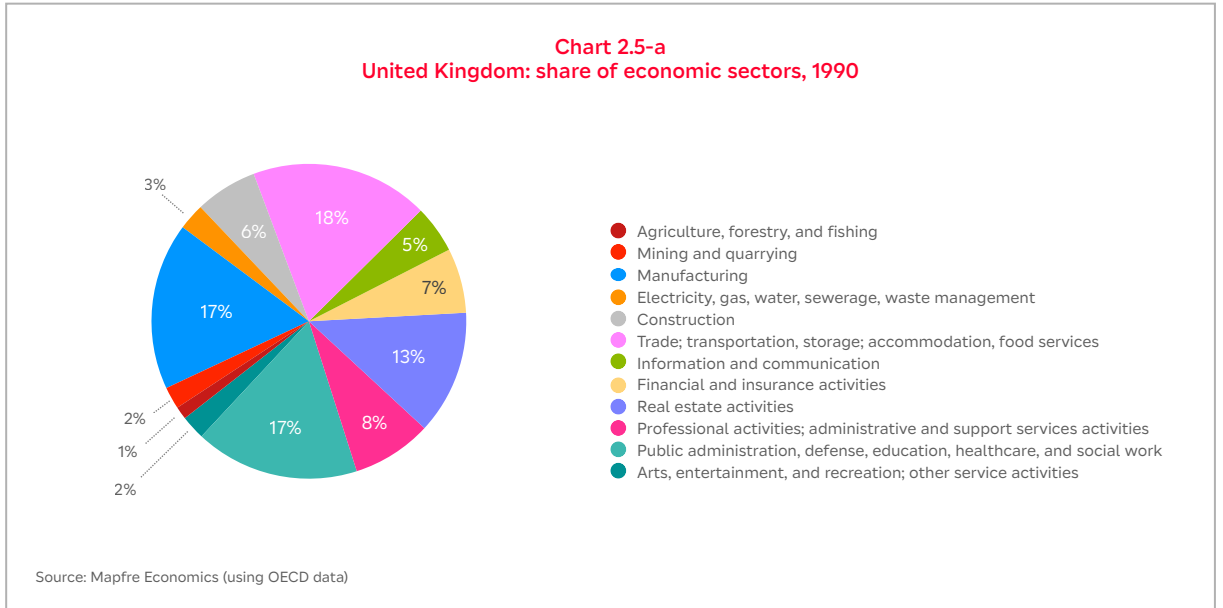
The sectoral evolution of the United Kingdom's economy over the past five decades represents one of the most emblematic cases of transition toward an advanced service economy, but also one of the clearest examples of early structural deindustrialization. In the 1970s, the country still retained a significant manufacturing base inherited from its industrial past. In 1970,

industry accounted for nearly 32% of GDP and employed more than eight million workers, concentrated in sectors such as steel, shipbuilding, automotive manufacturing, machinery, textiles, and chemicals. However, productivity was low and labor conflict high, reflecting a rigid industrial model poorly adapted to international competition.

The 1973 oil crisis and the subsequent recession precipitated a rapid loss of competitiveness. During the 1970s, the United Kingdom experienced inflation, fiscal deficits, and a balance-of-payments crisis that culminated in the 1976 IMF bailout. By the end of the decade, manufacturing had lost roughly one-third of its output, and the country was moving toward a profound change in economic paradigm. The government of Margaret Thatcher (1979–1990) marked the turning point. Labor market liberalization, large-scale privatization of public enterprises (British Steel, British Telecom, British Gas, among others), and financial deregulation (the 1986 “Big Bang”) transformed the United Kingdom's productive structure. Heavy industry and traditional energy sectors contracted sharply, while London consolidated its position as one of the world's leading financial centers. By the early 1990s, manufacturing's share of GDP had fallen to 22%, and industrial employment had declined to less than half its 1970 level.

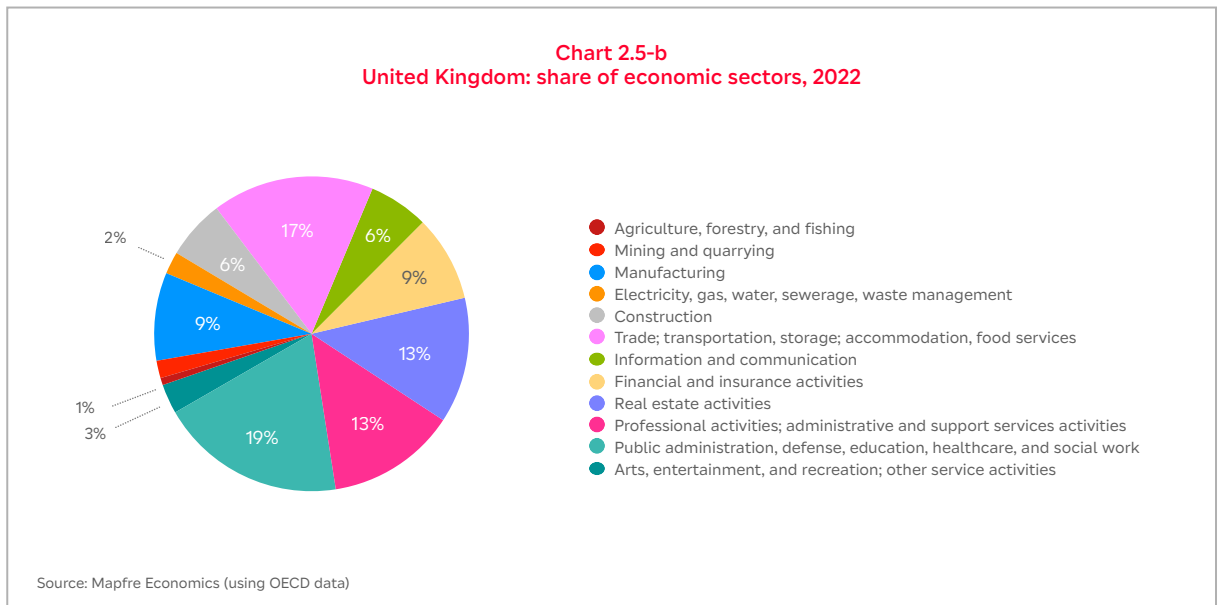
The expansion of the service sector (particularly financial, real estate, education, healthcare, and cultural services) redefined the British economy. By the 2000s, services accounted for more than 75% of GDP, with the City of London generating substantial international capital flows. At the same time, North Sea oil provided considerable energy revenue during the 1980s and 1990s, though of a temporary nature, helping finance part of the structural adjustment. The British economy thus shifted from a diversified industrial model to one centered on finance, business services, and domestic consumption.

During the first decade of the twenty-first century, the United Kingdom reinforced its position as a global hub for financial and professional services. Companies such as HSBC, Barclays, Standard Chartered, Aviva, and Lloyds dominated the FTSE 100, alongside major consumer goods multinationals (Unilever,



Diageo, Reckitt Benckiser), pharmaceutical firms (GlaxoSmithKline, AstraZeneca), and mining companies (Rio Tinto, BHP Billiton). Technology, by contrast, maintained only a marginal share (approximately 3%), reflecting a structural weakness in digital and industrial innovation relative to the United States and Asia. Following the 2008 financial crisis, the United Kingdom experienced a modest reorientation toward the real economy, promoting creative industries, technology, and renewable energy. However, the overall structure did not change: services continue to account for more than 78% of GDP (2022), manufacturing stands at around 9%, and agriculture represents only 0.6% (see Charts 2.5-a and 2.5-b).

The United Kingdom's departure from the European Union (Brexit, 2020) introduced new challenges for its productive and trade integration. Some export-oriented manufacturing sectors (automotive, chemicals, food processing) were affected by the loss of preferential access to the European market. At the same time, London has reinforced its global financial role through bilateral agreements and the attraction of venture capital. The FTSE 100 closely reflects this composition: an economy dominated by energy, finance, consumer goods, and health, with limited technological presence (see the Appendix of this report).



Overall, the United Kingdom's sectoral evolution can be described as extreme tertiarization, in which services—particularly financial and professional services—became the structural engine of growth, while the industrial base contracted to a competitive core focused on high-quality niches (aerospace, pharmaceuticals, premium automotive). This transformation positioned the United Kingdom as a global services power, albeit at the cost of greater productive and regional vulnerability.

Sectoral analysis

Agriculture, forestry, and fishing. British agriculture has maintained a residual share, below 1% of GDP since the 1980s. Mechanization and productive efficiency have offset reductions in land area and employment. Integration into the European market (and subsequently its withdrawal) affected prices and subsidies, but did not alter the structural trend: a small, highly productive, and stable sector.

Industry, energy, mining, and manufacturing. The industrial segment was the principal relative loser in the United Kingdom's economic transformation. Manufacturing declined from 30% of GDP in 1970 to around 10% today. Mining and energy lost weight following the decline of coal and the progressive closure of mines in the 1980s, partially offset by North Sea hydrocarbon production, whose peak in the 1990s provided a temporary boost. In real terms, British industrial output has not collapsed, but its growth has been slower than that of services. Automotive manufacturing, pharmaceuticals, aerospace, and certain segments of electrical and electronic equipment remain competitive, while a significant portion of the manufacturing base was relocated to Eastern Europe and Asia. The decline in manufacturing's share reflects structural factors: high industrial productivity (less employment per unit of output), a shift in domestic demand toward services, and international offshoring. Despite its smaller size, British industry retains high productivity and an export orientation in medium- and high-technology goods.

Construction. Construction fluctuates between 5% and 7% of GDP, exhibiting cyclical patterns linked to real estate prices, public investment, and

infrastructure development. After contracting following the 2008 financial crisis, the sector recovered strongly in the 2010s, supported by urban expansion and housing policies. Recent developments (2021–2025) show some moderation due to higher interest rates and rising material costs.

Trade, transportation, accommodation, and food services. This segment constitutes the core of the traditional service sector. Retail trade represents a significant share of employment, while transportation and storage have expanded alongside digitalization and e-commerce logistics. Tourism, intensive in accommodation and food services, rebounded strongly after the pandemic, supported by a weaker pound and the country's cultural appeal. Taken together, this segment represents close to 20% of GDP, with a slight upward trend.

Information and communications. This sector has gained steady prominence, rising from less than 5% of GDP in the 1990s to around 7% today. London, Manchester, and Cambridge host a dynamic ecosystem of digital technologies, software, media, and telecommunications. Employment growth in ICT (information and communications technology), technology startups, and digital services has partially offset industrial decline, consolidating the United Kingdom's position as a technology-driven service economy.

Financial and insurance activities. The financial sector is the most distinctive component of the British economy. London is Europe's leading financial center and one of the largest globally. Financial and insurance services account for 7–8% of GDP, although their influence extends far beyond this share: legal advisory, consulting, accounting, and professional services depend heavily on the financial ecosystem. The model of specialization in finance and business services, consolidated after market liberalization in the 1980s, has remained one of the structural pillars of British added value.

Real estate activities. The real estate sector represents approximately 13% of GDP, one of the highest proportions in the OECD. The sharp increase in housing prices, particularly in the London area and the Southeast, together with the inclusion of imputed rent, explains its

relative weight. The stability of this share reflects both accounting and structural factors: the British real estate market is deeply integrated into the financial system and highly sensitive to credit cycles, yet its weight in GDP has remained notably stable over the long term.

Professional, scientific, technical, and administrative services. This group has grown steadily since the 1990s. It represents more than 12% of GDP and constitutes the intellectual and technical backbone of the British economy. It includes consulting, research, design, engineering, marketing, and legal services, with strong concentration in London, Edinburgh, and Cambridge. The internationalization of professional service firms and their close linkages to the financial sector explain their dynamism.

Public administration, education, and healthcare. This segment accounts for approximately 17–18% of GDP. The expansion of the National Health Service (NHS) and rising health expenditure associated with population aging have increased its relative weight, while higher education (universities and research centers) contributes significantly to added value through the export of educational services. The British public sector is large but relatively productive, which explains why its share of GDP has grown less than in other European countries.

Arts, entertainment, recreation, and other services. The United Kingdom has one of the world's most dynamic cultural industries (music, film, design, fashion, video games). This segment represents around 4% of GDP and grows moderately, with renewed momentum following the tourism recovery and the expansion of digital entertainment.

Structural drivers of the transformation

The transformation of the United Kingdom into a financial and business services economy reflects a combination of structural, political, and technological factors that reinforced one another over the past five decades. Rather than a simple industrial decline, the process represented a deliberate reconfiguration of the productive model, with a strong ideological and geo-economic component.

Liberalization and economic deregulation

Since the 1986 financial “Big Bang,” London has removed nearly all restrictions on international capital flows, attracting global banks, investment funds, and insurance companies. This openness established the City as Europe's principal financial center and one of the world's three largest, alongside New York and Hong Kong. Liberalization also extended to the labor market: contractual flexibility reduced labor conflict and costs, but weakened collective bargaining and contributed to deindustrialization.

Privatization and restructuring of the public sector

Privatizations in the 1980s and 1990s altered the productive balance. State-owned enterprises that had supported the industrial base (steel, telecommunications, energy, transport) were privatized or dismantled. This shift improved efficiency in certain sectors, but eliminated state-led industrial planning and reoriented economic policy toward services and finance.

Technological change and loss of industrial scale economies

Rapid global automation coincided with a technological lag in British industry, particularly relative to Germany and Japan. Obsolete industrial plants failed to adapt, and investment in R&D proved insufficient. Manufacturing competitiveness shifted toward lower-cost countries such as China and Eastern Europe. At the same time, the development of financial technologies, software, and telecommunications boosted service-sector productivity, concentrating talent and investment in London and southeast England.

Social transformation and shifts in domestic demand

Rising disposable income and urbanization drove expansion in leisure, tourism, education, culture, and personal services. Tertiarization was both a result of globalization and of changing consumption patterns. As the country grew wealthier, demand shifted from

material goods toward intangible and financial services. This reinforced the growth bias toward high-return sectors with relatively low levels of industrial employment.

Financialization and concentration of corporate power

Since the 1990s, the British economy has become increasingly *financialized*: returns to capital shifted from production toward financial, real estate, and equity assets. Banks and investment funds came to dominate resource allocation, encouraging asset valuation and speculation rather than productive investment. This dynamic contributed to the real estate boom and rising regional inequalities, concentrating wealth in the southeast of the country.

Globalization and economic geography

The United Kingdom's integration into the global economy consolidated its role as a node for transnational business, legal, and financial services. The City specialized in intermediating global capital flows, while Scotland and northern England experienced deep deindustrialization. This territorial imbalance helps explain part of the political tensions that culminated in Brexit.

Brexit and trade reorientation

The United Kingdom's withdrawal from the European Union has introduced a structural shift that remains ongoing. Although it has generated uncertainty for the export-oriented manufacturing sector, it has also encouraged a more autonomous policy aimed at attracting financial and technological capital. The United Kingdom is seeking to reposition itself as a global platform for digital innovation and fintech, reinforcing its leadership in flexible regulation and entrepreneurial ecosystems (regulatory “sandboxes”).

Overall, the structural drivers of British transformation reveal an economy that replaced its industrial engine with a globalized financial-commercial model based on service intermediation and capital attraction. While this shift granted the country considerable strength in service productivity and profitability, it also exposed it to greater volatility and territorial inequality. Today, the United Kingdom is a

knowledge- and finance-intensive economy, but with a concentrated productive base and structural dependence on global services.

2.6 Mexico

Historical evolution

The sectoral evolution of the Mexican economy from the mid-twentieth century to the present reflects a dual trajectory: on one hand, an early phase of state-led industrialization, and on the other, an accelerated opening that transformed the economy into an export-oriented manufacturing platform. This combination gave rise to a hybrid model (neither fully industrial nor strictly service-based), characterized by the coexistence of modern sectors integrated into global value chains and broad domestic segments marked by low productivity.

Between 1940 and 1980, Mexico experienced the phase known as the “stabilizing development” model, based on import replacement and the promotion of protected national industries: steel, cement, automotive, chemicals, and consumer goods. Manufacturing came to represent close to 28% of GDP in the 1970s, supported by public companies (PEMEX, Altos Hornos, Comisión Federal de Electricidad) and large domestic private conglomerates. Agriculture, which accounted for nearly 25% of GDP in 1950, declined to 8% by 1980, while urban services expanded steadily. This period consolidated an urban-industrial productive system, with the government acting as the principal investor and planner.

However, the 1982 debt crisis marked a structural turning point. The exhaustion of the import substitution model⁶, inflation, and the fall in oil prices led to the abandonment of state-led planning and the adoption of a liberal, export-oriented approach. Privatizations, trade liberalization (accession to the GATT⁷ in 1986), and financial system reform reshaped the Mexican economy. Beginning in the 1990s, following the signing of the North American Free Trade Agreement (NAFTA, 1994), Mexico became fully integrated into North American value chains. The emergence of *maquiladoras* (assembly plants along the northern border) transformed the productive structure: manufacturing stabilized at around 17–20% of GDP, but with a strong export orientation.

In this phase, Mexico consolidated its position as a producer of automobiles, auto parts, electronics, and light machinery, sectors dominated by subsidiaries of foreign firms (General Motors, Ford, Volkswagen, Samsung, Bosch). The energy sector remained strategic, although its share of GDP gradually declined amid oil price volatility. Meanwhile, financial services, trade, telecommunications, and tourism expanded steadily, accounting for more than 60% of GDP by 2020. Agriculture remained around 3–4%, with high productivity in export-oriented regions (avocados, vegetables, fruit), but persistent structural lag in the rural south.

During the 2000s, GDP growth was concentrated in export manufacturing, energy, telecommunications, banking, and tourism. However, the internal structure remained marked by significant productive heterogeneity, with a highly competitive modern sector coexisting alongside a network of small, low-productivity informal businesses. The 2008 financial crisis and peso appreciation affected competitiveness, but the automotive and electronics industries recovered quickly due to U.S. demand. In the 2010s, Mexico pursued structural reforms (energy, fiscal, labor, and telecommunications) aimed at modernizing strategic sectors. The partial opening of the energy sector (2013) and strengthened competition in telecommunications attracted significant foreign investment. Nevertheless, manufacturing maintained a similar share of

GDP, while professional, financial, and logistics services grew in importance.

With the implementation of the United States–Mexico–Canada Agreement (USMCA) in 2020, the country strengthened its role in North American supply chains, particularly in the automotive, electronics, and medical equipment sectors. At the same time, a new phenomenon emerged: nearshoring, the relocation of firms to Mexico to reduce dependence on Asia. This process is partially reindustrializing the northern regions of the country and creating new logistics and technology hubs (Monterrey, Querétaro, Guanajuato, Baja California).

In 2023, Mexico’s sectoral structure can be summarized as follows: services 63%, industry 29%, and agriculture 3% of GDP (see Charts 2.6-a and 2.6-b). Within industry, manufacturing represents the core component, followed by construction, mining, and energy. Financial services, tourism, trade, and transportation account for the bulk of formal urban employment. Overall, Mexico has transitioned from a state-industrial economy to a global manufacturing platform with business services increasing its share, although it has not yet achieved full internal integration between these two productive spheres.

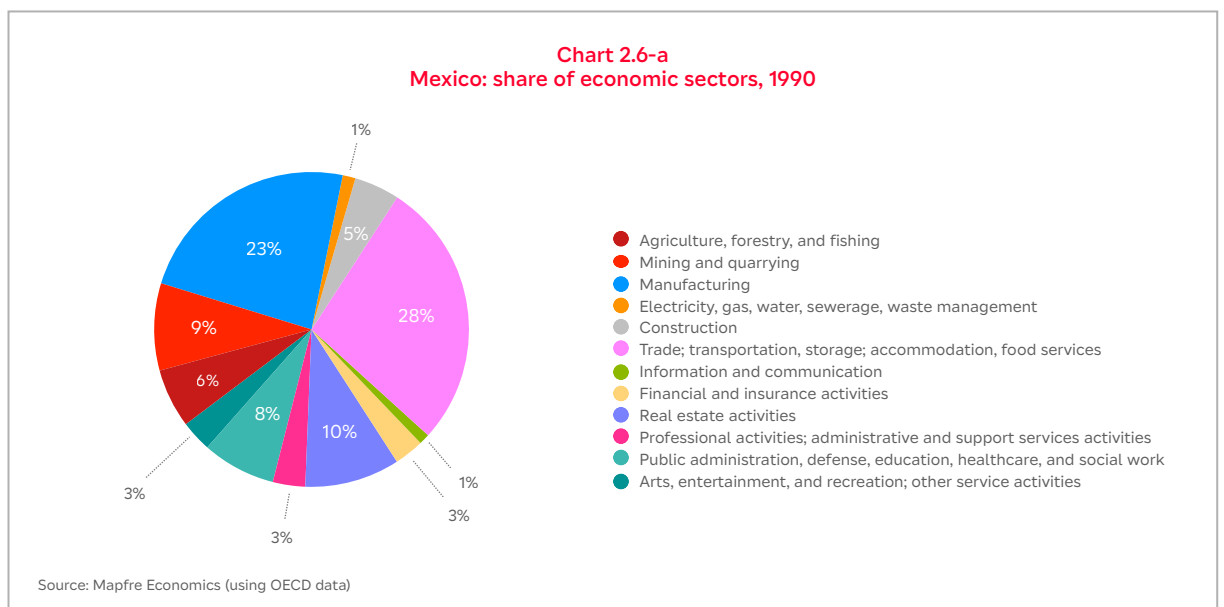
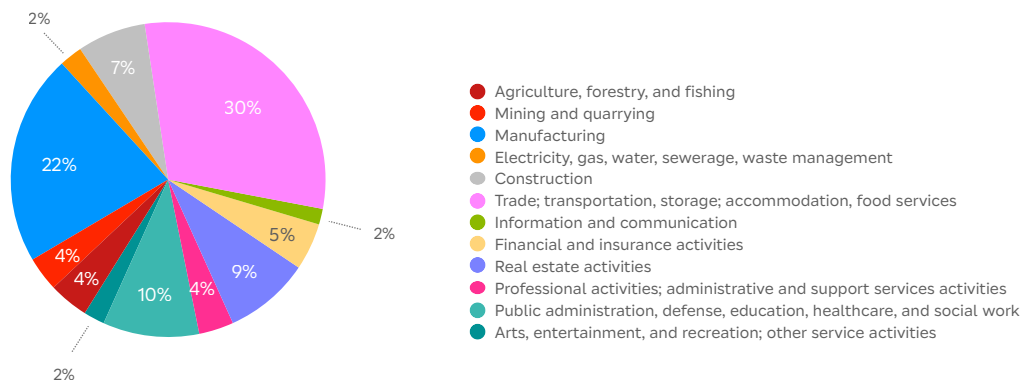


Chart 2.6-b
Mexico: share of economic sectors, 2023



Source: Mapfre Economics (using OECD data)

Sectoral analysis

Agriculture, forestry, and fishing. In 1970, agriculture accounted for around 13% of GDP; today it represents just over 3%, although it still employs more than 10% of the labor force. Technological modernization, partial mechanization, and productivity gains explain the decline in its relative share. Nevertheless, the sector retains social and export importance, as Mexico is a major producer of fruit, vegetables, and agro-industrial goods (avocados, beer, tomatoes, sugar). The central challenge is structural duality: the coexistence of a modern, export-oriented, technology-intensive agricultural sector alongside a low-productivity subsistence segment.

Industry, energy, mining, and manufacturing. The industrial sector constitutes the backbone of added value in the Mexican economy. Manufacturing accounts for close to 20% of GDP, a relatively high proportion for a middle-income country. Energy and mining together contribute an additional 5–7%, depending on oil and metal prices. Mexico has maintained a broad manufacturing base thanks to its geographic position and integration with the U.S. market. The industrial core is concentrated in: Automotive and auto parts (Nuevo León, Coahuila, Guanajuato, Puebla); electronics and electrical equipment (Jalisco, Baja California); machinery and metalworking (State of Mexico, Querétaro); and chemicals, pharmaceuticals, and plastics. The *maquiladora* and export-zone strategy evolved into a regionally integrated production model in which Mexico contributes

labor and technical capabilities, while the United States and Canada supply inputs and technology. Although Mexican manufacturing remains dependent on foreign capital, it has increased its technological complexity; domestic content in exports has gradually risen, and the country is positioning itself as a recipient of investment in semiconductors, electric vehicles, and aerospace. Industrial productivity is high in export clusters but low in the remainder of the manufacturing base oriented toward the domestic market, which faces pressure from external competition and informality. Overall, industry has maintained a stable or slightly rising share of GDP since 1994, distinguishing Mexico from most Western economies.

Construction. The construction sector accounts for between 6% and 8% of GDP, with significant volatility. It expanded rapidly during the period of urban growth (1995–2010), driven by housing and public infrastructure. In the past decade, public investment has been more uneven, but private construction and the industrial segment (logistics facilities, manufacturing plants) have sustained its share. Construction is labor-intensive and sensitive to the business cycle, but structurally stable within the overall composition of GDP.

Trade, transportation, accommodation, and food services. This segment accounts for around 30% of GDP, constituting the core of the service sector. Domestic trade, both formal and informal, absorbs a large share of total

employment (more than 20%). Transportation and storage have expanded alongside foreign trade growth and North American logistics integration. Tourism, for its part, is one of the pillars of exportable services; Mexico ranks among the ten most visited destinations worldwide and is the leading destination in Latin America. Tourism contributes around 8% of total GDP (directly and indirectly) and serves as a regional growth engine in coastal and historic heritage areas.

Information and communications. ICT accounts for roughly 2% of GDP, with an upward trend. The country has made progress in telecommunications and digitalization, although a gap persists between large corporations and SMEs. The development of digital services, media, and software is concentrated in Mexico City, Monterrey, and Guadalajara. The 2013 telecommunications reform strengthened competition and reduced prices, supporting the sector's expansion.

Financial and insurance activities. Mexico's financial system has deepened since liberalization in the 1990s, but its size remains moderate relative to GDP (around 4%). Bank credit to the private sector is low compared with the OECD average, reflecting limited financial inclusion and reliance on external financing. Even so, the relative weight of the financial sector has increased gradually, supported by digital banking, insurance, and pension funds.

Real estate activities. The real estate sector represents between 10% and 12% of GDP, a stable share driven by residential expansion in major urban areas and by the accounting effect of imputed rent. The dynamism of intermediate cities (Querétaro, Mérida, León) has expanded this segment's weight, while access to affordable housing remains a structural challenge.

Professional, scientific, technical, and administrative services. This segment has grown steadily and represents around 4% of GDP. It includes consulting, engineering, R&D, accounting, design, and administrative services, closely linked to export-oriented manufacturing. The expansion of nearshoring and business services (business process outsourcing, technical support, industrial

design) is strengthening this sector, which is emerging as a medium-term driver of added value.

Public administration, education, and healthcare. The combined weight of these sectors stands at around 10% of GDP. Public expenditure on education and healthcare is significant, although the system exhibits regional disparities in efficiency. Higher education has expanded, with public and private universities supporting the development of industrial human capital. The healthcare sector, by contrast, faces challenges in coverage and financing. Even so, the overall trend is slightly upward, particularly due to the expansion of private medical services.

Arts, entertainment, recreation, and other services. This segment of personal and cultural services accounts for around 2% of GDP, with a strong informal component. Mexico's cultural industries (music, audiovisual production, gastronomy, heritage) carry greater symbolic and tourism weight than purely economic weight, but have shown recent dynamism driven by the digital economy and cultural exports within Latin America.

Structural drivers of the transformation

Mexico's sectoral transformation reflects a combination of structural factors encompassing economic policy, international integration, demographic dynamics, and institutional weakness. The result has been a highly open and dual economy, in which a sophisticated export sector coexists with broad areas of informality and low productivity.

Trade liberalization and productive reconfiguration

Mexico's accession to GATT (1986) and the signing of NAFTA (1994) marked the transition from a closed model to one deeply integrated into the North American market (see Box 3). Trade liberalization attracted substantial foreign direct investment, particularly from the United States and Asia, directed toward export manufacturing. This process enabled rapid technological modernization but also fragmented the productive structure; global value chains generated modern industrial enclaves (automotive, electronics, aerospace),

while the local supplier base remained lagging. Dependence on trade with the United States (more than 80% of exports) consolidated a specialized production pattern.

Financial liberalization and state privatization

Reforms in the 1990s dismantled much of the public industrial apparatus. The privatization of banking, telecommunications, and energy reduced the government's role as producer and repositioned it as regulator. Subsequent *financialization* concentrated credit in large corporations, leaving limited access for SMEs. This dynamic reinforced segmentation: a highly productive formal sector alongside an informal sector absorbing the majority of employment.

Demography, urbanization, and labor structure

Rapid urbanization (from 50% in 1970 to 80% in 2020) and a relatively young population generated a broad labor supply. However, structural informality (approximately 55% of employment) hindered a full transition toward a modern economy. Low average productivity and limited technical training constrained internal convergence across regions. While the industrialized north and the Bajío corridor integrated into globalization, the rural south maintained a traditional agricultural structure.

Energy and manufacturing integration

The Mexican economy rests on a strategic interdependence between energy and industry. The availability of oil and natural gas sustained a comparative cost advantage for decades. The 2013 energy reforms partially liberalized the sector, attracting foreign investment in exploration, electricity, and renewable energy. However, the reassertion of state control under the current administration has slowed that opening. In manufacturing, proximity to the United States remains a structural driver of investment (nearshoring), with the potential to strengthen industrial weight if accompanied by infrastructure expansion and local supplier development.

Productive heterogeneity and weak domestic linkages

One of the most persistent features of the Mexican model is the limited articulation between the modern export sector and the rest of the economy. Foreign subsidiaries operate within international supply chains, generating limited domestic content and low levels of technology transfer. This disconnect explains why manufacturing maintains its relative share of GDP without generating inclusive growth spillovers. Productivity in export-oriented firms is nearly six times higher than the national average, reflecting a consolidated dual structure.

Expansion of services and urban tertiarization

The growth of the urban middle classes, rising credit, and digitalization have driven financial, communications, transportation, and trade services. Tourism, which accounts for close to 8% of GDP, has consolidated its position as one of the most dynamic sectors. However, many of these services are low-productivity or dependent on the informal economy. Only professional, financial, and logistics services linked to foreign trade show high profitability and significant linkages.

Structural reforms and recent policies

The reforms implemented during the 2010s sought to improve competition and productivity. In telecommunications, market liberalization reduced prices and attracted infrastructure investment. In education and energy, results were more uneven. The replacement of NAFTA (1994) with the USMCA (2020) modernized rules of origin and labor standards, which could drive a qualitative leap in local manufacturing if domestic linkages are further strengthened.

Institutional factors and structural constraints

Insecurity, institutional weakness, and insufficient investment in science and technology (approximately 0.3% of GDP) constrain the country's industrial potential. Although Mexico has large, competitive national corporations

(Bimbo, Cemex, América Móvil, and Grupo México), local innovation continues to lag. The structural challenge lies in transforming external openness into a process of endogenous industrialization, where knowledge and technology replace mere geographic location advantages.

Overall, Mexico's sectoral trajectory reveals an open, dual economy dependent on external demand, where industry has been sustained through integration with North America but without generating a high value-added domestic network. The country has experienced an expansion of services and urban consumption, yet it still lacks a homegrown technological base capable of consolidating national productivity. Its structural challenge for the coming decades is to align nearshoring-driven reindustrialization with policies focused on innovation, technical education, and regional cohesion that close the gap between globalized Mexico and domestic Mexico.

2.7 South Korea

Historical evolution

South Korea's economic and sectoral trajectory since the mid-20th century is one of the most remarkable in modern development. In just six decades, the country moved from being a war-ravaged agrarian economy (1953) to a global industrial and technological powerhouse. This process—often referred to as the “Miracle on the Han River”—was the result of a state-led strategy centered on planning, education, exports, and targeted industrialization.

In the 1960s, following land reform and the establishment of the government of Park Chung-hee, South Korea began its first phase of industrialization, focused on light industries and basic manufacturing (textiles, footwear, assembly). In 1960, agriculture still accounted for 36% of GDP and employed more than half of the labor force. Industry represented just 14%, while services accounted for 50%. With the Five-Year Economic Development Plans (1962–1981), the country reoriented its productive structure toward export-oriented manufacturing. Industrial zones were created, business conglomerates such as Hyundai, Samsung, LG, and Daewoo were promoted, and public credit was channeled toward industry.

During the 1970s, the government launched the Heavy and Chemical Industries (HCI) program, which fostered strategic sectors (steel, automobiles, heavy machinery, shipbuilding, and petrochemicals). This policy transformed the composition of GDP: by 1980, industry had reached 38%, while agriculture had declined to 14%. South Korea integrated into the global economy as an exporter of medium- and high-complexity manufactured goods, progressively reducing its dependence on agricultural products.

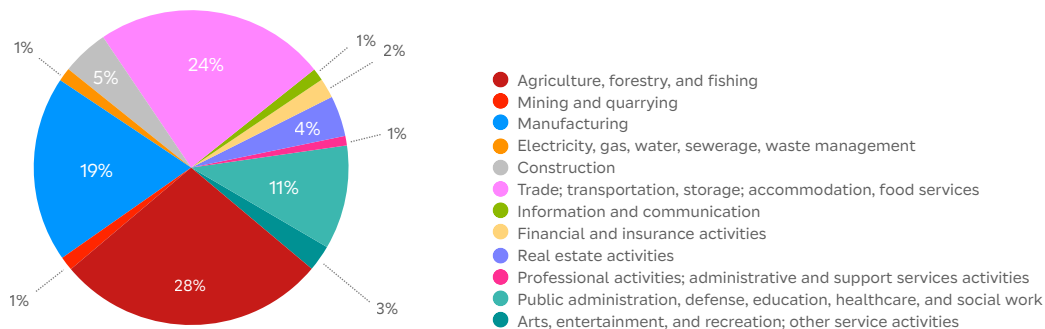
The 1980s consolidated this industrialization with a shift toward technology. Korean companies began investing in electronics, semiconductors, and telecommunications, leveraging access to international markets and technology transfer through licenses and joint ventures. By 1990, industry accounted for approximately 41% of GDP and services for 51%. The South Korean economy had surpassed middle-income status and positioned itself as one of Asia's leading export powers.

The 1997–1998 Asian financial crisis marked a turning point. Credit contraction and the restructuring of business conglomerates temporarily reduced the industrial share, but also incentivized a deep transformation toward a more diversified and innovation-driven economy. During the 2000s, the country prioritized technology, advanced electronics, bioscience, and financial services. The semiconductor sector, led by Samsung Electronics and SK Hynix, became the cornerstone of growth, while automotive, chemicals, and heavy engineering maintained export leadership.

In the 2010–2020 period, South Korea entered a new stage of post-industrial maturity, without abandoning its manufacturing base. The services sector exceeded 60% of GDP (2024), driven by professional, financial, education, and health services, while industry stabilized at around 30%, and agriculture fell below 2%. Unlike other developed countries, South Korea has maintained a balance between advanced industry and technology-based services; its economy combines tangible production with intangible innovation.

The current sectoral structure reflects this balance: manufacturing (29–31%), services (62%), construction (5%), and agriculture and fisheries (2%). Within services, technology, financial, and

Chart 2.7-a
South Korea: share of economic sectors, 1970



Source: Mapfre Economics (using OECD data)

education services stand out, closely linked to the industrial ecosystem (see Charts 2.7-a and 2.7-b). As illustrated in the Appendix to this report, the KOSPI index reflects technological dominance: Samsung Electronics and SK Hynix account for more than 30% of total market value, accompanied by Hyundai, Kia, LG Chem, and POSCO. In short, South Korea today is an economy of manufacturing innovation, where growth continues to rely on high-technology industrial exports, complemented by a dynamic and globally integrated services sector.

Sectoral analysis

Agriculture, forestry, and fishing. In 1970, agriculture accounted for more than 25% of GDP; today, it represents just 1.8%. The transformation has been profound, driven by mechanization, declining rural employment, and an aging farming population. Despite this, the country maintains relatively high food self-sufficiency and a technologically advanced agricultural sector (including greenhouses, aquaculture, and intensive mechanization). Agricultural added value has remained stable in real terms, but its

Chart 2.7-b
South Korea: share of economic sectors, 2023



Source: Mapfre Economics (using OECD data)

share has declined as other sectors have expanded.

Industry, mining, manufacturing, energy, and water. The industrial segment is the core of the South Korean model. Manufacturing accounts for approximately 27–30% of GDP, one of the highest proportions among OECD countries. The most prominent branches include semiconductors and electronics (Samsung and SK Hynix), the driver of exports and productivity; automotive and machinery (Hyundai, Kia, and Doosan); shipbuilding and steel (POSCO and Hyundai Heavy Industries); and chemicals and pharmaceuticals. The energy and water sector carries moderate weight (3–4%), but it is strategic due to import dependence and the development of renewable energy sources. Unlike Japan or Germany, South Korea's industrial sector has not lost share in GDP; its stability reflects continuous reinvention toward high-technology segments. The country exports high-technology goods and maintains a leadership position in several global value chains.

Construction. Construction has been a cyclical driver of the economy, with peaks associated with urbanization and large-scale infrastructure projects (highways, ports, and nuclear energy). Its share fluctuates between 5% and 7% of GDP and has remained stable over the long term. In recent years, it has rebounded due to housing demand and urban redevelopment projects.

Trade, transportation, accommodation, and food services. This segment represents around 16% of GDP. Retail trade and logistics have expanded alongside domestic consumption and digitalization, while tourism (both domestic and international) is recovering.

Information and communications. The ICT sector is one of the hallmarks of the South Korean model. It contributes approximately 6–7% of GDP, with growth rates above the national average. South Korea was a pioneer in broadband, mobile telephony, and 5G, and it leads in the production of chips, displays, and industrial software. The comprehensive digitalization of the economy—from public administration to education—has increased the sector's share in national added value.

Financial and insurance activities. The financial sector, significantly reformed after 1997, has consolidated on a prudent basis. Its share of GDP is 5–6%, lower than in the United Kingdom or the United States, but stable. The system combines large national banks with public funds and cooperatives. Financial intermediation is solid and oriented toward industrial investment rather than speculation.

Real estate activities. The real estate sector represents around 7% of GDP, comparable to Germany or Mexico. The housing market is highly developed and partially regulated, with elevated prices in the Seoul metropolitan area. Imputed rents maintain a stable share, while public housing policies and subsidies help reduce sector volatility.

Professional, scientific, technical, and administrative services. This segment has grown significantly, reaching close to 10% of GDP. It includes engineering, applied research, design services, accounting, and business administration. Growth in R&D expenditure (above 4.5% of GDP, one of the highest levels globally) has driven these activities, particularly in technology consulting and scientific services linked to industry.

Public administration, education, and healthcare. This group represents 15–17% of GDP, with strong expansion in health and education spending. South Korea has built an efficient universal healthcare system, and its investment in education is among the highest in the OECD (around 5% of GDP). The overall weight of the public sector is moderate, but education and healthcare carry significant importance due to the priority placed on human capital.

Arts, entertainment, recreation, and other services. This sector contributes around 4–5% of GDP and has grown rapidly, driven by the cultural industry (film, K-pop, video games, design, and gastronomy). These activities not only generate domestic employment but also export cultural services and strengthen South Korea's global image, reinforcing tourism and domestic consumption.

Structural drivers of the transformation

The success of South Korea's sectoral transformation rests on the interaction of five

essential structural factors: state planning, technical education, selective global integration, business innovation, and institutional cohesion. Unlike many Latin American or European economies, the South Korean process was simultaneously industrial, technological, and social.

Planned industrial policy and the developmental state

Since the 1960s, the South Korean government has acted as the architect of national development, directing credit, selecting strategic sectors, and overseeing private investment. Through the Bank of Korea and the Export-Import Bank of Korea (KEXIM), priority industries were financed: steel (POSCO), shipbuilding (Hyundai Heavy Industries), automobiles (Kia and Hyundai), and electronics (Samsung). The export orientation was explicit, and the Five-Year Plans linked credit allocation to export performance. This model of “planned capitalism” ensured rapid industrialization combined with macroeconomic discipline and sectoral coherence.

Education, human capital, and social mobility

South Korea invested consistently in technical and higher education, generating a highly skilled workforce. The education system prioritized science, technology, engineering, and mathematics, enabling rapid adaptation to new technologies. This human capital formed the foundation for the shift from basic manufacturing to high-complexity sectors and explains the endogenous innovation capacity of business conglomerates in subsequent decades.

Global integration strategy and technological learning

South Korea gradually opened its economy, temporarily protecting emerging sectors while promoting competitive exports. The country signed strategic trade agreements but preserved state oversight over key industries. Domestic companies acquired foreign technology through licensing and later developed their own capabilities. In the 1980s, the government encouraged the creation of in-house R&D

departments, enabling companies such as Samsung and LG to evolve from assemblers into global innovators. This policy of “controlled catch-up” was crucial in avoiding technological dependence.

The business conglomerate system

Large business conglomerates were the institutional vehicle of industrial development. Through a close relationship with the government, these groups received preferential credit and access to foreign currency, but in return were required to meet export and reinvestment targets. Over time, the system modernized, incorporating corporate governance reforms and international diversification. Following the 1997 Asian crisis, business conglomerates were partially restructured and subjected to greater transparency, consolidating their position as global technology groups with strong investment in innovation.

Technological change and digital transition

Since the 2000s, South Korea has firmly committed to the knowledge economy. The Digital Korea and Creative Economy plans promoted convergence between industry, software, and digital infrastructure. The widespread digitalization of society (internet, 5G, e-government) enabled the expansion of the services segment and strengthened creative and cultural industries (K-content, video games, film, and music). This diversification has generated a new growth engine focused on intellectual property and digital technology exports.

Innovation and sustainability policy

In the past decade, South Korea has integrated the green agenda into its industrial strategy. The Korean New Deal (2020) combines investment in clean energy, electric mobility, and digital transformation. The country seeks to reduce its dependence on fossil fuels and strengthen future-oriented industries (batteries, hydrogen, and energy-efficient semiconductors). Environmental innovation has become a new pillar of structural competitiveness.

Social cohesion and stable institutions

Unlike other models of accelerated industrialization, South Korea maintained a high degree of social cohesion and political stability. The alliance among the government, businesses, and civil society—reinforced by a shared economic nationalism—facilitated structural reforms without major disruptions. A progressive tax system, universal education coverage, and inflation control consolidated the domestic foundation of development.

In sum, South Korea's structural transformation was based on a sequential and cumulative model: first, government-led industrialization; then autonomous business innovation; and finally technological and digital diversification. This process enabled the country to preserve a high industrial share (approximately 30%) while expanding advanced services. South Korea represents the most successful case of sustained industrialization combined with technological transition, in which manufacturing and digitalization do not crowd each other out, but instead reinforce one another. Today, its structural challenge is to sustain innovative dynamism in the face of population aging and Chinese competition, while maintaining the balance between export-oriented industry, technology-based services, and environmental sustainability.

3. Comparative overview of sectoral and structural trends

Over the past five decades (1970–2024), the economies of the United States, Europe, and East Asia have undergone profoundly different processes of sectoral transformation, yet all have been guided by a common logic: the pursuit of productivity, competitiveness, and technological adaptation in the context of globalization. Although all have advanced toward tertiarization, the paths followed reveal markedly different structural models: some liberal-financial, others industrial-technological, and others hybrid and export-oriented.

The U.S. model represents the transition toward a service-based economy grounded in innovation, finance, and consumption. Deindustrialization did not imply decline, but rather reconfiguration: production was offshored, while added value became concentrated in knowledge, intellectual property, and financial intermediation. Silicon Valley, Wall Street, and the federal science and technology complex replaced manufacturing as the main engines of growth. It is a flexible economy, intensive in innovation and intangible capital, but also more dependent on domestic demand and the financial system.

By contrast, China and South Korea embody the opposite paradigm: state-led industrialization. Both have anchored modernization in manufacturing, investment, and government policy. China combined central planning, gradual opening, and political control to maintain industrial production as the core of development, while South Korea articulated a coordinated form of capitalism oriented toward technological innovation and exports. In both cases, the government has acted as a promoter of strategic sectors (energy, electronics, automotive, semiconductors), and industry remains a vital component of GDP and national power.

Japan shares elements of this logic, though at a more mature stage. After decades of industrial leadership, the combination of aging, technological saturation, and deflation led to a stabilized economy with a solid manufacturing

base but lower domestic dynamism. Its model stands out for quality, company-supplier integration, and productive culture rather than quantitative expansion. Japan represents the transition toward an advanced economy in which industrial technology remains central, but within a more balanced and less expansionary growth model. Germany, in turn, is the European case closest to the Asian model of industrial balance. Its structure, based on advanced manufacturing, engineering, and capital goods exports, has been sustained through SMEs and the dual vocational training system. It has maintained competitiveness without sacrificing social cohesion, integrating technical services and industry within the same ecosystem. However, it faces challenges similar to Japan's (aging, energy dependence, and the ecological transition).

The United Kingdom followed an almost opposite path: early deindustrialization, large-scale privatization, and a shift of the economic center of gravity toward financial and business services. London became Europe's leading financial center, but at the cost of a geographically concentrated economy vulnerable to financial crises. Its current structure represents the extreme of financial capitalism: highly sophisticated services, but a relatively weak productive base.

Finally, Mexico occupies an intermediate and ambivalent position. After abandoning the import replacement model, it integrated into the North American economy as an export-oriented manufacturing platform. This opening modernized the productive apparatus, but without generating strong domestic linkages. The Mexican economy combines industrial modernity in the north with structural lag in the south, reflecting a persistent dualism between globalization and informality.

Taken together, the seven countries analyzed in this report demonstrate that sectoral evolution does not follow a single path. Post-industrial economies (United States and United Kingdom) rely on knowledge and finance; coordinated

Box 3

Key economic policy frameworks

United States

- *Inflation Reduction Act* (IRA, 2022). A package of tax credits and subsidies for “green” manufacturing (batteries, electric vehicles, hydrogen, solar and wind) and domestic reindustrialization.
- *CHIPS and Science Act* (2022). Direct subsidies and tax credits (52 billion dollars) for semiconductor fabrication plants, R&D, and workforce training; export restrictions on sensitive technologies.
- *Infrastructure Investment and Jobs Act* (IIJA, 2021). Federal investment in physical and digital infrastructure (bridges, rail, ports, broadband), critical for logistical productivity.
- *Manufacturing USA / NNMI* (since 2014). A network of manufacturing innovation institutes (composites, robotics, biomanufacturing) co-financed by public and private funding.
- *SBIR/STTR* (since 1982/92). Pre-commercial public procurement and R&D grants for SMEs, forming the foundation of the deep-tech ecosystem.
- *Production Tax Credits / Investment Tax Credits* (various iterations since 2005). Tax credits for renewable energy and equipment, relaunched and expanded under the *Inflation Reduction Act*.

United Kingdom

- *Industrial Strategy* (2017) / *Plan for Growth* (2021). Frameworks aimed at productivity and innovation clusters, prioritizing artificial intelligence, healthy living, clean mobility, and the creative industries.
- *Catapult Centres* (since 2011). A network of technology centers (High Value Manufacturing, Digital, Compound Semiconductors) focused on transferring R&D to businesses.
- *R&D Tax Credits* (since the 2000s). Tax credits (SME scheme and RDEC) for R&D expenditure, expanded and adjusted multiple times.
- *Creative Industry Tax Reliefs* (since 2007). Tax incentives for audiovisual production, video games, animation, and museums, anchoring the creative economy.
- *Enterprise Investment Scheme / Seed EIS* (1994/2012). Tax relief for investors in startups and scale-ups.

- *City Deals & Devolution* (since 2012). Agreements with regions and cities for political and administrative decentralization, transferring powers and funding to local governments for growth, skills, and regional infrastructure projects (Manchester, Glasgow, among others).
- *Financial Services and Markets Act* (2023). Updates regulatory rules to enhance the competitiveness of the City, expand regulatory sandboxes, and promote financial innovation.

Germany

- *Industrie 4.0* (since 2011). Strategy for industrial digitalization, standards, IoT (Internet of Things), and automation, implemented through partnerships and the *Länder* (federal states).
- *High-Tech Strategy* (2006/2014/2020). Prioritization of technological missions, co-investment in applied R&D, and knowledge transfer (Fraunhofer, Leibniz, Max Planck institutes).
- *KfW / ERP-Förderkredite* (ongoing). Preferential financing for SMEs, energy efficiency, and innovation; countercyclical role in investment.
- *Dual Vocational Training* (ongoing). Vocational education combining firms and technical schools, forming the backbone of manufacturing productivity.
- *Energiewende* (2010s). Energy transition strategy based on regulated tariffs and auctions, grid expansion, and efficiency, mobilizing clean industrial value chains.
- *National Hydrogen Strategy* (2020, updated 2023). Roadmap and subsidies for green hydrogen (electrolyzers and industrial applications).
- *Digitalstrategie 2025 / GAIA-X* (since 2020). Support for digital infrastructure, European cloud development, and interoperability standards.

Japan

- *Abenomics* (since 2013). “Three arrows”: expansionary monetary policy, flexible fiscal policy, and structural reforms; including measures to stimulate investment, increase female labor participation, and promote corporate openness.
- *Robot Revolution Initiative* (2015) / *Connected Industries* (2017). Industrial automation, industrial IoT, and data platforms for manufacturing.

Box 3 (continued)
Key economic policy frameworks

- *Society 5.0* (since 2016). National vision to integrate digitalization and AI into healthcare, mobility, energy, and manufacturing; guides mission-oriented policies and public-private investment.
- *Corporate Governance/Stewardship Codes* (2014–2015). Reforms to improve capital efficiency, strengthen R&D, and enhance investment discipline.
- *Green Growth Strategy* (2020). Subsidies and incentives for hydrogen, batteries, offshore wind, and climate neutrality.
- “*Digital Agency*” (2021). Centralizes public-sector digital transformation and advances data standards and digital services.
- *Reshoring / supply-chain incentives* (2020). Support for the relocation and diversification of critical inputs in Asia.

South Korea

- *Korean New Deal* (2020). Two pillars: *Digital New Deal* (data, 5G, AI, digital government) and *Green New Deal* (renewable energy, electric mobility); large-scale public capital spending.
- *K-Semiconductor Strategy* (2021). Tax exemptions and subsidies for chip manufacturing, materials, and design; specialized industrial parks (Pyeongtaek, Yongin).
- *Tax Incentives for R&D / Facilities* (ongoing, strengthened 2019–2023). Enhanced tax credits for R&D and capital equipment in strategic sectors.
- *Free Economic Zones* (since 2003). Zones offering incentives and streamlined procedures to attract technology-focused FDI (Incheon, Busan/Jinhae, Gwangyang, etc.).
- *Brain Korea 21 / BK21* (1999–phases). Large-scale funding for graduate programs and research to strengthen human capital and knowledge transfer.
- *Creative Economy* (2013–2017). Support for startups and innovation centers; promoted ICT-industry convergence and local venture capital.
- *Export-Import Bank / K-Sure* (ongoing). Financing and insurance support for exporters (shipbuilding, automotive, machinery, electronics).

China

- *Belt and Road Initiative* (BRI). Launched in 2013, it is China's global connectivity strategy aimed at integrating infrastructure, trade, and investment across Asia, Africa, Europe, and Latin America. It is structured around a Eurasian land corridor and a maritime route based on ports and logistics hubs. Its objectives are to expand markets for Chinese companies, secure strategic supplies, and strengthen the country's geo-economic influence through financing and infrastructure development. More than 150 countries participate in associated projects, and mobilized investments exceed 900 billion dollars, making it the largest transnational development initiative in the world.
- *Made in China 2025* (2015). A plan to upgrade industry across ten sectors (robotics, aerospace, new energy vehicles, electrical equipment, biomedicine, among others) through public procurement, directed credit, and local content targets.
- *National IC Industry Investment Fund “-Big Fund”* (2014/2019). Large-scale capital funds focused on semiconductors (design, foundries, and materials).
- *Internet Plus* (2015). Integration of digital platforms with manufacturing, healthcare, finance, and agriculture, accelerating mobile payments and e-commerce.
- 14th Five-Year Plan (2021–2025) Priorities include research and development, technological self-sufficiency, secure supply chains, and the modernization of services.
- *Dual Circulation* (since 2020). Strategy positioning the domestic market as the primary growth driver, with exports as a complement; rebalances toward services.
- *NEV Subsidies & Credit Mandates* (2013–2023, transition to new rules since 2024). Subsidies and mandates for electric vehicles and batteries; development of complete value chains.
- *Torch Program & High-Tech Zones* (since 1988). Technology parks (Zhongguancun, Shenzhen) offering tax incentives, incubation, and technology transfer.

Box 3 (continued) Key economic policy frameworks

Mexico

- *TLCAN[NAFTA] (1994) / T-MEC[USMCA] (2020)*. Regional integration frameworks anchoring export-oriented manufacturing (automotive, electronics, aerospace), with stricter rules of origin under USMCA.
- *IMMEX* (since 2006). Program exempting VAT and tariffs on imported inputs used for export production; core of the modern maquila model.
- *PROSEC* – Sector Promotion Programs (since 1998). Preferential tariffs on inputs for specific sectors (automotive, electrical, chemical, etc.) to increase local content.
- Telecommunications Reform (2013). Market liberalization and increased competition reduced data and voice costs, boosting ICT and digital services.
- *Bancomext/NAFIN* (ongoing). Credit and guarantees for exporters, SMEs, and supply chains.
- *Special Economic Zones* (2016–2019). Attempted to attract FDI to southern regions through tax and regulatory incentives; canceled in 2019.
- *VAT refunds for exporters / AEO certifications* (ongoing): trade facilitation and liquidity support for value chains.

Summary

- *Visible and large-scale incentives*: The United States (IRA/CHIPS) and China (Big Fund/NEV/Made in China 2025) deploy large-scale industrial incentives.

- *Institutional and technical approach*: Germany, Japan, and South Korea maintain stable systems of R&D, vocational training, and standardization supported by long-term funding.
- *Services and intangibles*: The United Kingdom strengthens finance and creative industries through tax incentives and regulatory sandboxes; the United States does so through SBIR and venture capital.
- *Regional integration*: Mexico uses trade agreements and fiscal programs (IMMEX/PROSEC) as de facto industrial policy. The pending challenge is to integrate domestic suppliers into the value chains of large exporting or multinational companies and to develop the specialized human capital required to sustain advanced industry—engineers, technicians, designers, programmers, and similar profiles.
- *Services and intangibles*: The United Kingdom strengthens finance and creative industries through tax incentives and regulatory sandboxes; the United States does so through SBIR and venture capital.
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industrial economies (Germany, Japan, and South Korea) preserve their manufacturing base through technology and strong institutions; and emerging hybrid economies (China and Mexico) balance manufacturing and services through state direction or external integration. The overarching trend is not so much the abandonment of industry as its transformation into the technological and intangible backbone of contemporary global capitalism.

Conclusion

Over the past half century, advanced and emerging economies have reconfigured their productive structures while confronting the same dilemma: how to sustain growth and competitiveness in a world increasingly driven by knowledge and automation. Each country's response reflects its institutional tradition and its conception of the role of government. Public policy has not merely managed cyclical conditions; it has shaped the paths through which industry and services are articulated today (see Box 3).

In the U.S., productive reorientation has been led by private innovation, but supported by an implicit technology policy. The *Inflation Reduction Act* and the *CHIPS and Science Act* represent the contemporary expression of a deeper strategy: ensuring leadership in strategic sectors (clean energy, semiconductors, artificial intelligence) through tax incentives, public R&D investment, and partnerships with private capital. The government does not produce directly, but it steers the technological frontier, sustaining an ecosystem in which universities, markets, and defense institutions interact as a national innovation system.

In Germany and Japan, policy has prioritized industrial continuity over financial speculation. Their “coordinated capitalism” model is based on cooperation among government, businesses, and trade unions, vocational training, and the export of high-quality goods. Programs such as Industrie 4.0 in Germany and Society 5.0 in Japan reflect a long-term structural vision: digitalizing manufacturing without dismantling it, integrating automation, sustainability, and social cohesion. In these countries, economic policy functions as adaptive engineering rather than short-term stimulus.

South Korea has followed a similar, though more dynamic, path. From the industrial plans of the 1970s to the Korean New Deal of 2020, the government has acted as a strategic investor and innovation catalyst. Its policy framework combines public direction, domestic private capital, and a strong technological culture. The result is an ecosystem in which industrial conglomerates evolve into digital and energy platforms without abandoning manufacturing. China, in turn, embodies the most robust contemporary version of the developmental state. The Made in China 2025 strategy and recent Five-Year Plans aim to dominate advanced value chains in robotics, semiconductors, electric vehicles, and renewable energy. In this model, industrial policy is inseparable from national strategy: economic development is conceived as an instrument of power and internal cohesion.

The United Kingdom and Mexico, by contrast, illustrate the limits of models based primarily on liberalization or external dependence. In the

former, privatization and deregulation enhanced financial efficiency but weakened the productive base; in the latter, trade openness generated an export-oriented manufacturing platform without strong domestic linkages. Both now face the challenge of rebuilding their productive and technological base, albeit from opposite starting points: London seeks to relaunch digital innovation in the post-Brexit context, while Mexico aims to reindustrialize by leveraging nearshoring and the new USMCA framework.

The comparison demonstrates that there is no development without industrial policy, even if its form varies. In all successful cases, government has acted as a long-term architect—coordinating, incentivizing, and protecting strategic sectors. Where policy was limited to liberalization or short-term improvisation, economic complexity declined. The twenty-first century is therefore not the end of industry, but its transformation into technology, knowledge, and sustainability. Contemporary development depends less on increasing production and more on knowing what to produce, for whom, and for what purpose. That is the frontier that today defines the economic power of nations.

Appendix: changes in the weight of different sectors in major stock market indexes

United States: S&P 500

The S&P 500 provides the clearest reflection of the structural transformation of the U.S. economy over the past five decades. In 1979, the industrial, energy, and materials sectors accounted for more than 50% of the index, driven by manufacturing conglomerates, oil companies, and large durable goods producers. Today, that structure has been fully replaced by the dominance of technology and digital services, which represent more than 30% of the total weight. The rise of companies such as Apple, Microsoft, Alphabet, Amazon, Meta, and Tesla has reshaped the index's composition, displacing traditional sectors such as energy and manufacturing, whose weights have declined sharply.

Healthcare and communication services have also expanded, in line with population aging, digitalization, and the growth of online entertainment. Energy, which once represented close to 18% of the index, now accounts for roughly 4%, reflecting the transition toward a

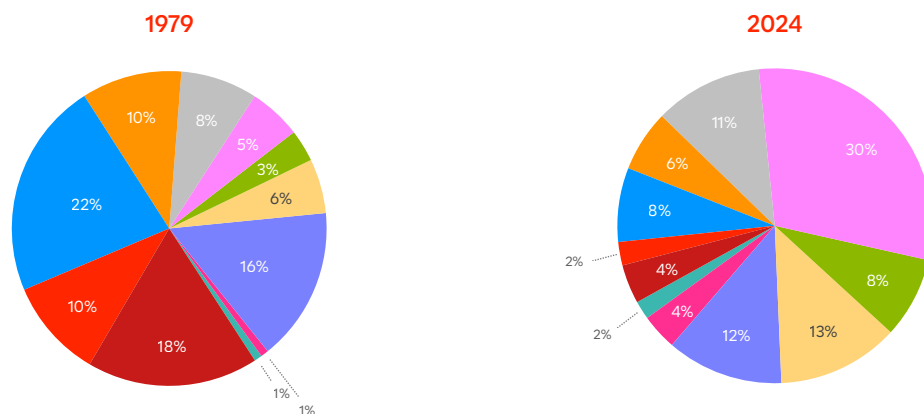
Table A-1
United States: sector composition of the S&P 500 (%)

Sector	1979	2024
Energy	17.6	4.0
Materials	10.2	2.4
Industrial	22.3	7.6
Basic consumer goods	10.3	6.3
Discretionary consumer goods	7.9	11.1
Technology	5.4	30.1
Communications	3.3	8.3
Health	5.6	12.5
Finance	15.8	12.0
Real estate	0.8	3.7
Utilities	0.8	1.9

Source: Mapfre Economics (using data from S&P Dow Jones Indices)

Chart A-1
United States: sector composition of the S&P 500, 1979–2024

● Energy ● Materials ● Industrial ● Basic consumer goods ● Discretionary consumer goods ● Technology
● Communications ● Health ● Finance ● Real estate ● Utilities



Source: Mapfre Economics (using data from S&P Dow Jones Indices)

less fossil fuel-intensive economy. This shift does not signal a loss of industrial competitiveness. Rather, it reflects higher productivity and capital returns in intangible-driven sectors. The S&P 500 is now an index dominated by innovation, software, financial services, and global consumption (see Table A-1 and Chart A-1).

United Kingdom: FTSE 100

The FTSE 100, since its creation in 1984, has evolved from a predominantly industrial and energy-focused profile to a far more diversified structure oriented toward global services. In the 1980s, energy and materials companies—such as BP, Shell, BHP Billiton, and Rio Tinto—accounted for nearly half of the index, reflecting the importance of natural resources in the British economy and its mining and oil legacy. Over time, however, financial globalization and the rise of the City of London propelled banks and insurers—such as HSBC, Barclays, and Prudential—into a substantial share of the index.

Consumer staples (including Unilever, Diageo, and Tesco) and healthcare (such as Astra-Zeneca and GSK) also gained ground, while technology remains a marginal component, representing roughly 3% of the total. This limited technological presence points to a structural weakness in the British economy in terms of industrial innovation. Today, the FTSE is

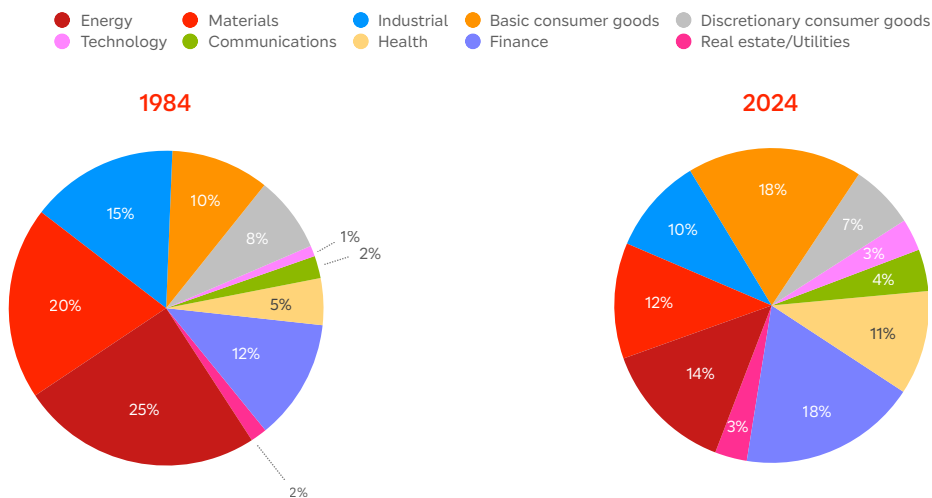
Table A-2
United Kingdom: sector composition of the FTSE 100 (%)

Sector	1984	2024
Energy	24.8	13.7
Materials	19.8	11.9
Industrial	15.2	9.9
Basic consumer goods	10.1	18.0
Discretionary consumer goods	7.8	6.6
Technology	1.1	3.3
Communications	2.3	4.3
Health	4.8	10.7
Finance	12.4	18.3
Real estate/Utilities	1.7	3.3

Source: Mapfre Economics (with data from FTSE Russell)

characterized by its international exposure: more than 70% of the revenues generated by its constituent companies come from abroad. In short, the FTSE 100 is less dependent on the domestic economy and heavily influenced by multinational energy, banking, consumer goods, and pharmaceutical companies (see Table A-2 and Chart A-2).

Chart A-2
United Kingdom: sector composition of the FTSE 100, 1984–2024



Source: Mapfre Economics (with data from FTSE Russell)

Germany: DAX

The DAX has preserved its industrial identity while undergoing notable sectoral diversification. In its early years in the late 1980s, the index was dominated by manufacturing and engineering conglomerates—such as Siemens, Volkswagen, BMW, BASF, and ThyssenKrupp—which accounted for nearly 60% of total market capitalization. Over time, the technology, chemical-pharmaceutical, and discretionary consumer sectors have gained prominence, alongside the growth of companies such as SAP, Bayer, Merck, and Adidas.

The weight of finance declined after the 2008 crisis and the weakening of Deutsche Bank and Commerzbank, while utilities and real estate have posted moderate growth. Unlike the United Kingdom, Germany has maintained a strong industrial base, but with higher technological content and a growing export orientation toward Asia. Today, the DAX reflects a model of advanced and sustainable industry, where automation, digitalization, and applied chemistry coexist with a solid productive core. Although technology does not dominate the index as it does in the United States, its rising weight demonstrates the modernization of the German economy and its commitment to Industry 4.0 (see Table A-3 and Chart A-3).

Table A-3
Germany: sector composition of the DAX (%)

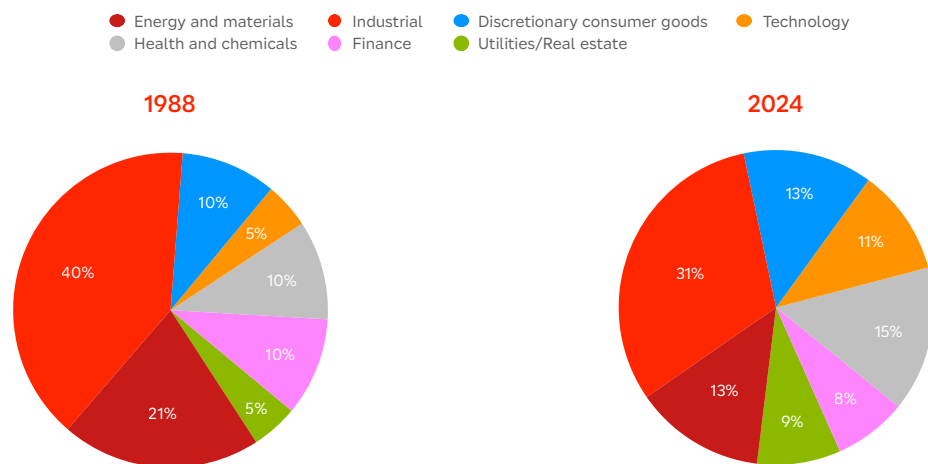
Sector	1988	2024
Energy and materials	20.5	13.4
Industrial	39.9	31.3
Discretionary consumer goods	9.8	13.3
Technology	4.7	10.9
Health and chemicals	10.2	14.9
Finance	10.1	7.5
Utilities/Real estate	4.8	8.6

Source: Mapfre Economics (using data from Deutsche Börse)

Japan: Nikkei 225

The Nikkei 225 illustrates Japan's transition from a capital-intensive manufacturing powerhouse to an economy increasingly oriented toward technology, services, and consumption. In 1979, more than half of the index consisted of manufacturing and export-oriented companies such as Toyota, Mitsubishi, Hitachi, Panasonic, and Toshiba—symbols of Japan's economic miracle. Four decades later, manufacturing

Chart A-3
Germany: sector composition of the DAX, 1988–2024



Source: Mapfre Economics (using data from Deutsche Börse)

Table A-4
Japan: sector composition
of the Nikkei 225
 (%)

Sector	1979	2024
Communications and services	4.1	10.1
Discretionary consumer goods	10.0	19.9
Energy and materials	9.8	8.4
Finance	9.9	9.5
Manufacturing industry	55.3	25.0
Others	3.4	-
Health	2.8	9.3
Technology	4.7	17.8

Source: Mapfre Economics (using data from Nikkei Indexes)

materials have reduced their share, and banking stabilized following the financial crises of the 1990s. Today's Nikkei 225 reflects a mature Japan: highly productive, technologically sophisticated, yet facing structural innovation challenges from China and South Korea (see Table A-4 and Chart A-4).

China: Shanghai CSI 300

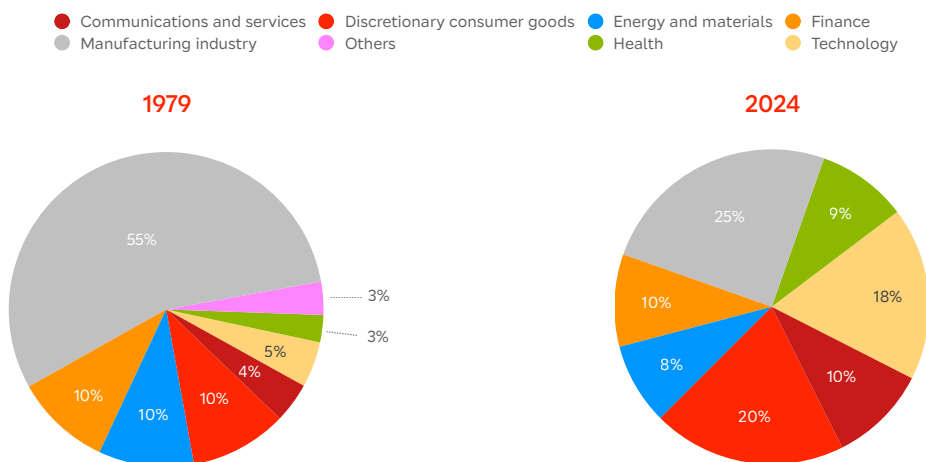
The CSI 300, the main index of mainland China's equity market, shows the most rapid transformation among the cases analyzed in this report. In the 1990s, industrial, financial, and energy sectors dominated, led by state-owned giants such as PetroChina, Sinopec, ICBC, and China Construction Bank. Today, while these sectors remain relevant, their weight has declined in favor of technology, consumer, and healthcare companies, driven by firms such as Tencent, Alibaba, BYD, and Ping An Insurance.

The share of industry and materials has nearly halved, while consumer and communication services have expanded alongside rising domestic purchasing power. Real estate experienced a strong boom between 2005 and 2015, but its weight has stabilized following debt-control policies. Overall, the CSI 300 reflects China's transition toward a mixed economy: the state continues to control strategic sectors, yet much of the dynamism comes from innovative private companies. It is the financial mirror of a country

remains important, but its weight has fallen to less than 30%, while technology, services, and healthcare have gained prominence.

The rise of companies such as Sony, Nintendo, SoftBank, Keyence, and Tokyo Electron reflects the shift toward advanced electronics, semiconductors, and robotics. Healthcare has also expanded in response to demographic aging, and communication services have grown alongside digitalization. By contrast, energy and

Chart A-4
Japan: sector composition of the Nikkei 225, 1979-2024



Source: Mapfre Economics (using data from Nikkei Indexes)

Table A-5
China: sector composition
of the Shanghai CSI 300
(%)

Sector	1990	2024
Industry and materials	44.7	22.7
Energy	9.9	5.3
Finance	30.3	24.7
Consumer goods	4.8	15.1
Technology	2.1	9.8
Health	0.8	7.9
Real estate	5.3	9.3
Communications and services	2.1	5.2

Source: Mapfre Economics (using data from China Securities Index Co.)

Table A-6
Mexico: sector composition
of the BMV IPC
(%)

Sector	1978	2024
Materials and construction	30.0	25.4
Industry	20.0	4.8
Energy	4.9	3.2
Basic consumer goods	14.9	25.3
Discretionary consumer goods	10.1	9.8
Telecommunications	0.4	9.8
Finance	9.9	20.1
Others	9.8	1.6

Source: Mapfre Economics (using data from S&P/BMV)

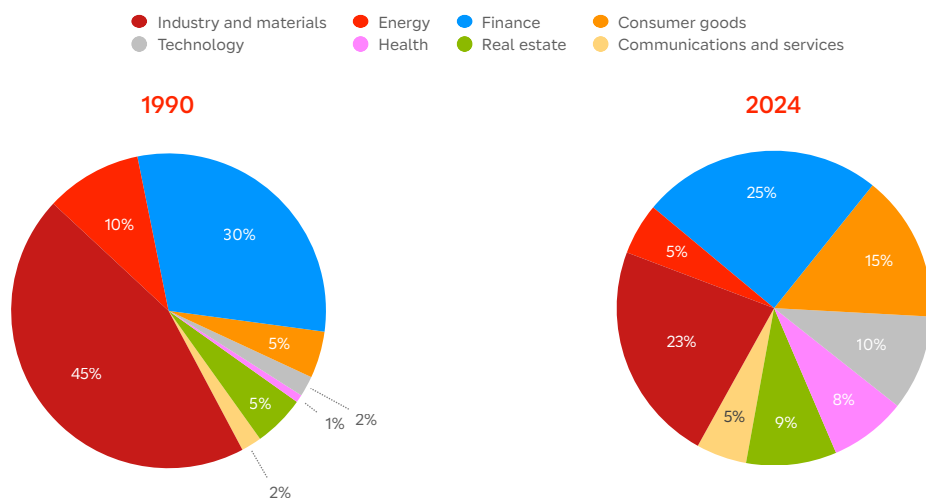
combining advanced manufacturing, large-scale services, and digitalization (see Table A-5 and Chart A-5).

Mexico: BMV IPC

Mexico's Índice de Precios y Cotizaciones (IPC) has changed dramatically since the late 1970s. In its early years, the index was dominated by industrial, materials, and construction companies (such as

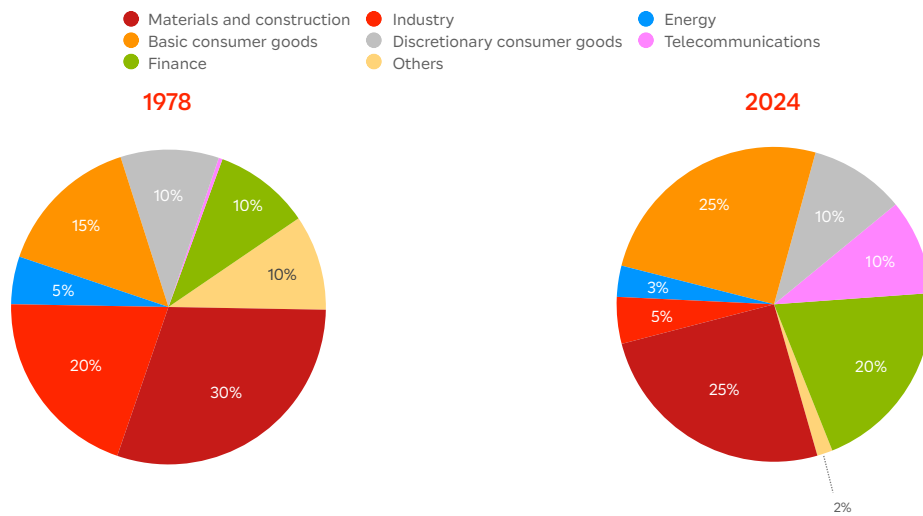
Cemex, Grupo México, and Peñoles) along with some energy companies and industrial conglomerates. Beginning in the 1990s, however, Mexico underwent a profound stock market transformation following the implementation of NAFTA, which boosted exports but did not translate into greater industrial representation within the index.

Chart A-5
China: sector composition of the Shanghai CSI 300, 1990-2024



Source: Mapfre Economics (using data from China Securities Index Co.)

Chart A-6
Mexico: sector composition of the BMV IPC, 1978–2024



Source: Mapfre Economics (using data from S&P/BMV)

Today, consumer, telecommunications, and financial sectors account for most of the index’s value, with companies such as América Móvil, Walmart de México, FEMSA, and Banorte leading market capitalization. Industry, despite its significant contribution to GDP, has limited representation due to lower stock market capitalization. This shift reflects the tertiarization of the Mexican market, where the most profitable sectors are those linked to domestic consumption and financial services. The current IPC portrays an economy concentrated in a small number of business groups, with a capital market dominated by large-scale, highly profitable companies (see Table A-6 and Chart A-6).

South Korea: KOSPI

The KOSPI is perhaps the most paradigmatic example of a structural leap from heavy industry to high technology. In 1980, the index was dominated by industry, materials, and energy sectors, represented by conglomerates such as Hyundai, POSCO, and Daewoo, reflecting the state-led development model. In the following decades, however, South Korea made a decisive shift toward electronics, semiconductors, and telecommunications, propelling companies such as Samsung Electronics, SK Hynix, and LG Electronics, which now account for nearly half of the index.

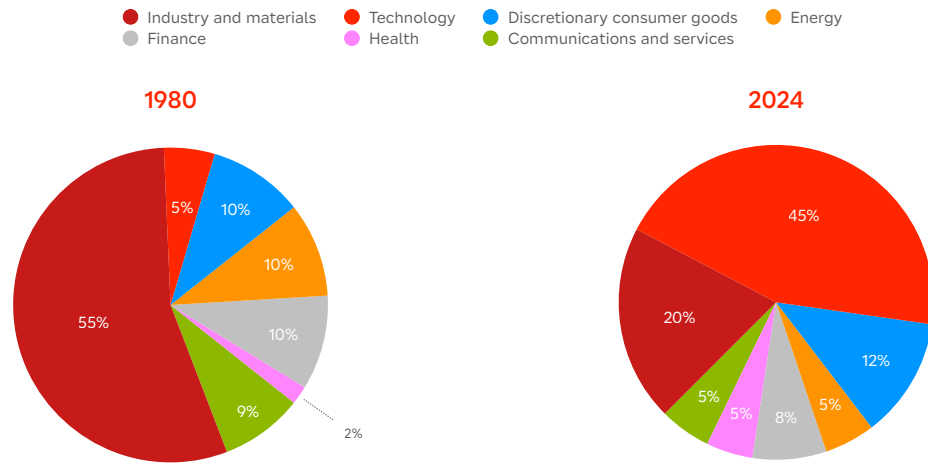
The technology sector represents more than 45% of total weight, while traditional industry has fallen below 20%. Healthcare and discretionary consumption have also gained ground, accompanying the growth of an urban, digitally connected middle class. Energy and financials have reduced their relative weight, although they remain pillars of the conglomerate system. Today’s KOSPI encapsulates South Korea’s evolution toward an export-oriented industrial-technological model, where innovation and global integration drive stock market value (see Table A-7 and Chart A-7).

Table A-7
South Korea: sector composition of the KOSPI (%)

Sector	1980	2024
Industry and materials	55.1	20.2
Technology	5.2	44.6
Discretionary consumer goods	9.8	12.4
Energy	9.7	5.2
Finance	9.7	7.6
Health	1.9	4.8
Communications and services	8.5	5.3

Source: Mapfre Economics (using data from KRX – Market Data)

Chart A-7
South Korea: sector composition of the KOSPI, 1980–2024



Source: Mapfre Economics (using data from KRX – Market Data)

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2/ See, regarding the data sources used for the analysis:

- Value added by activity, OECD, at: <https://www.oecd.org/en/data/indicators/value-added-by-activity.html>
- The Changing Nature of Manufacturing in OECD Economies (EN), at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2006/10/the-changing-nature-of-manufacturing-in-oecd-economies_g17a192f/308452426871.pdf
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6/ Between 1940 and 1982, Mexico implemented a development strategy based on protecting domestic industry through high tariffs and import restrictions; promoting domestic production of goods that had previously been imported; strong state intervention (state-owned industrial companies, directed credit, subsidies); and inward-oriented industrialization (the domestic market as the engine of growth). For decades, it performed relatively well, enabling the creation of basic industries (steel, cement, chemicals, automotive), expanding urban employment, and increasing GDP.

7/ GATT, General Agreement on Tariffs and Trade.

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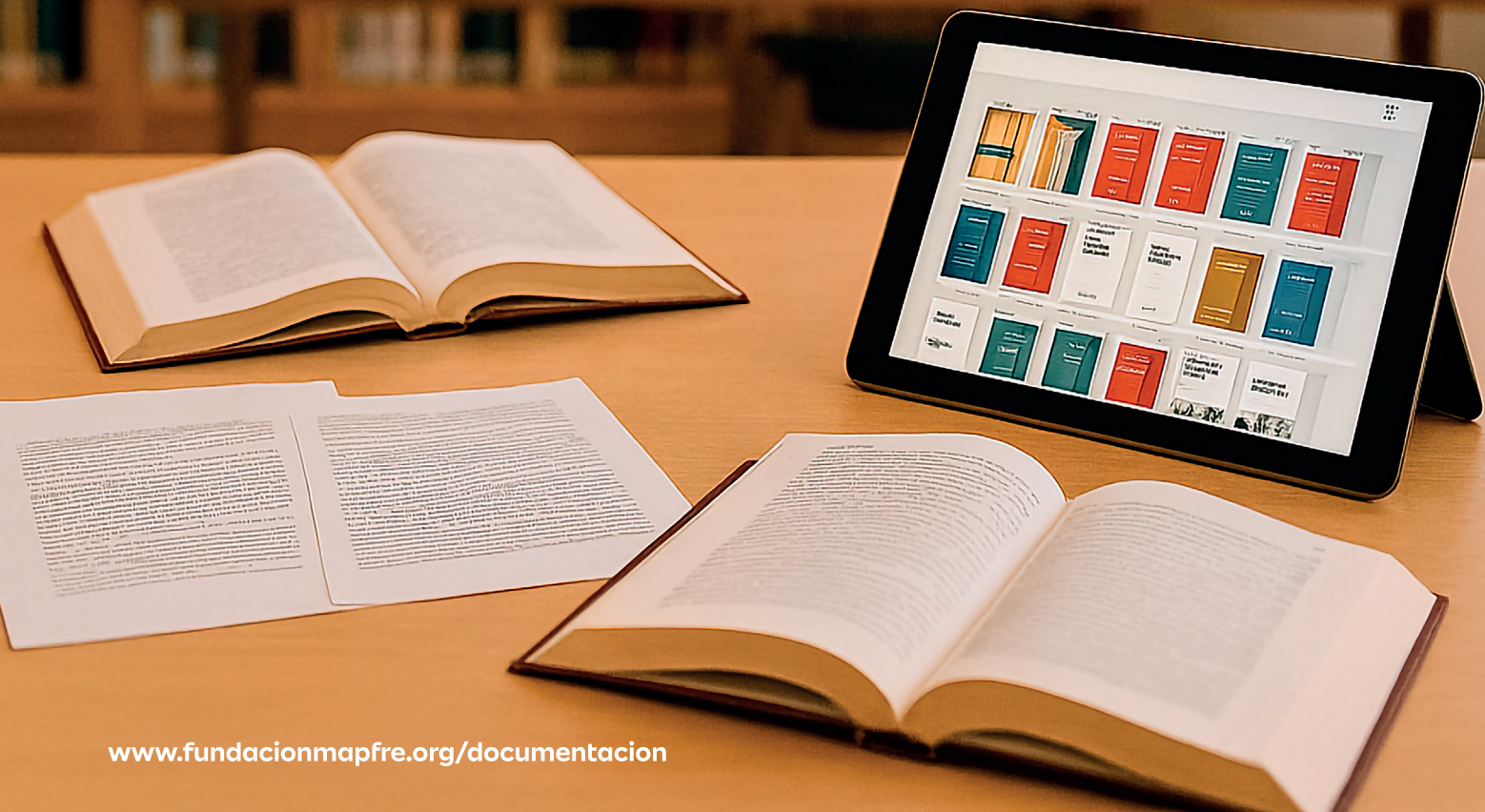
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