Productive Transformation
Focused on Sustainable Production and Consumption

Productive transformation focused on sustainable production and consumption is closely related to SDG 12, which recognizes the significant impact that current consumption and production practices have on the environment, the economy and society.

To achieve the goal of the productive transformation focused on sustainable production and consumption, it is crucial to promote efficiency in the use of resources, reduce waste, encourage technological innovation and change consumption patterns towards more sustainable models. The Economic Commission for Latin America and the Caribbean (ECLAC) has pointed out the urgency for LAC countries and governments to scale up and improve their productive development policies. In the last 10 years (2014-2023), the region has barely grown 0.8%, a rate lower than the 2% recorded in the 1980s. Stagnant and declining productivity in recent decades is behind this poor growth showing. If this productivity challenge is not addressed, other challenges such as the creation of decent jobs and climate challenges, among others, will not be able to be addressed.

Productive development policies must focus on sophistication, diversification and virtuous structural change to raise productivity and achieve more inclusive and sustainable development patterns. This involves efforts in areas such as science, technology and innovation; technological extensionism; digital transformation; entrepreneurship; closing human capital gaps; business financing; foreign direct investment; specific infrastructure and other public goods; normative and regulatory agenda; and the internationalization of the region. In addition, it is important to establish productive development axes,

focusing on sectors with growth potential such as the pharmaceutical industry and life sciences, advanced manufacturing, modern services enabled by Information and Communication Technologies, energy transition, circular economy, sustainable agriculture, sustainable water management and sustainable tourism.

According to the Organization for Economic Cooperation and Development (OECD), today's society is consuming more resources than ever, exceeding the natural production capacity. This increase in consumption is exacerbating the gap between rich and poor countries. However, sustainable consumption and production can contribute substantially to poverty reduction and lead LAC towards a green, low-carbon economy. This requires cooperation among many stakeholders, as well as across sectors in all countries.

It must be remembered that the production industry represents around one third of

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greenhouse gas emissions worldwide, so it is essential to move towards decarbonization. However, this process faces significant challenges, such as the limited availability of low-carbon technologies to facilitate the transition, in which the traditional practices such as energy efficiency are common, but there is still untapped potential. Furthermore, the competitiveness of the industry may be affected, as technologies that reduce emissions can increase production costs by 20% to 100%, which is not always aligned with the objective of maximizing profits. Likewise, in developing countries the abandonment of industrial assets that do not use the best available technologies poses another important challenge, hence the need for a transition towards more efficient assets to achieve a more sustainable industry.

Policies and instruments aimed at a circular economy must promote reuse, recycling and reduction of demand for resources, as well as energy efficiency and replace fossil fuels with renewable sources, including biomass and synthetic raw materials. However, the investment required for this is considerable, with one estimate suggesting an increase from US$70 trillion in 2030 to US$125 trillion by 2050. Approximately 40% of this investment is expected to be made in China, 30% in high-income countries and 30% in developing countries.

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In conclusion, industrial decarbonization is vital, given that industry represents one third of global emissions, although energy-saving technologies are not sufficient on their own. Financial challenges and the need for significant investments require new financing models to address it.