

Navigating the Global Economy: 2030, 2050, and Beyond

October 2024

Agenda

1. Current Global Trade Picture

2. Near Horizon: 2030

3. BRICS: A Rising Force

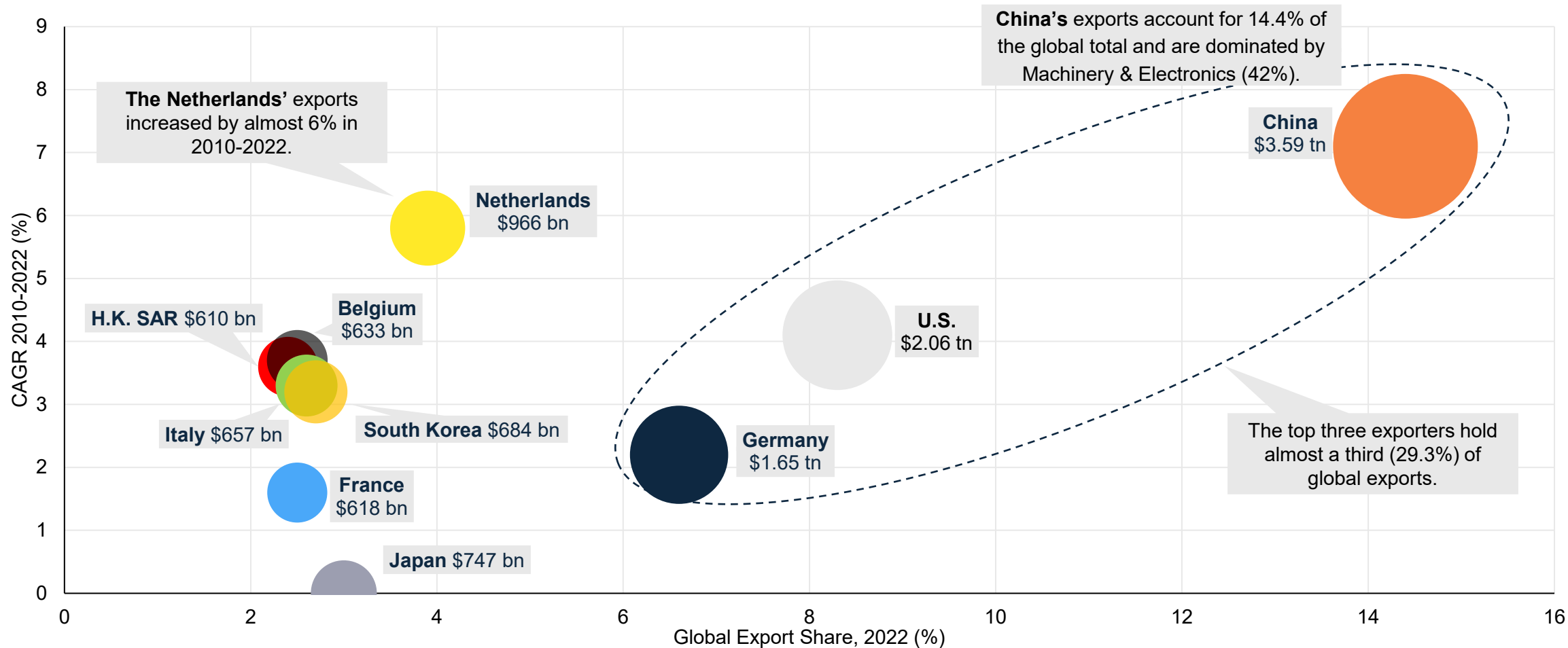
4. Peering Ahead: 2050

5. Pathways to 2050: Key Success Factors for CEOs



Global exports reached USD 24.9 trillion in 2022, with Asia as the leading region and China as the largest single exporter

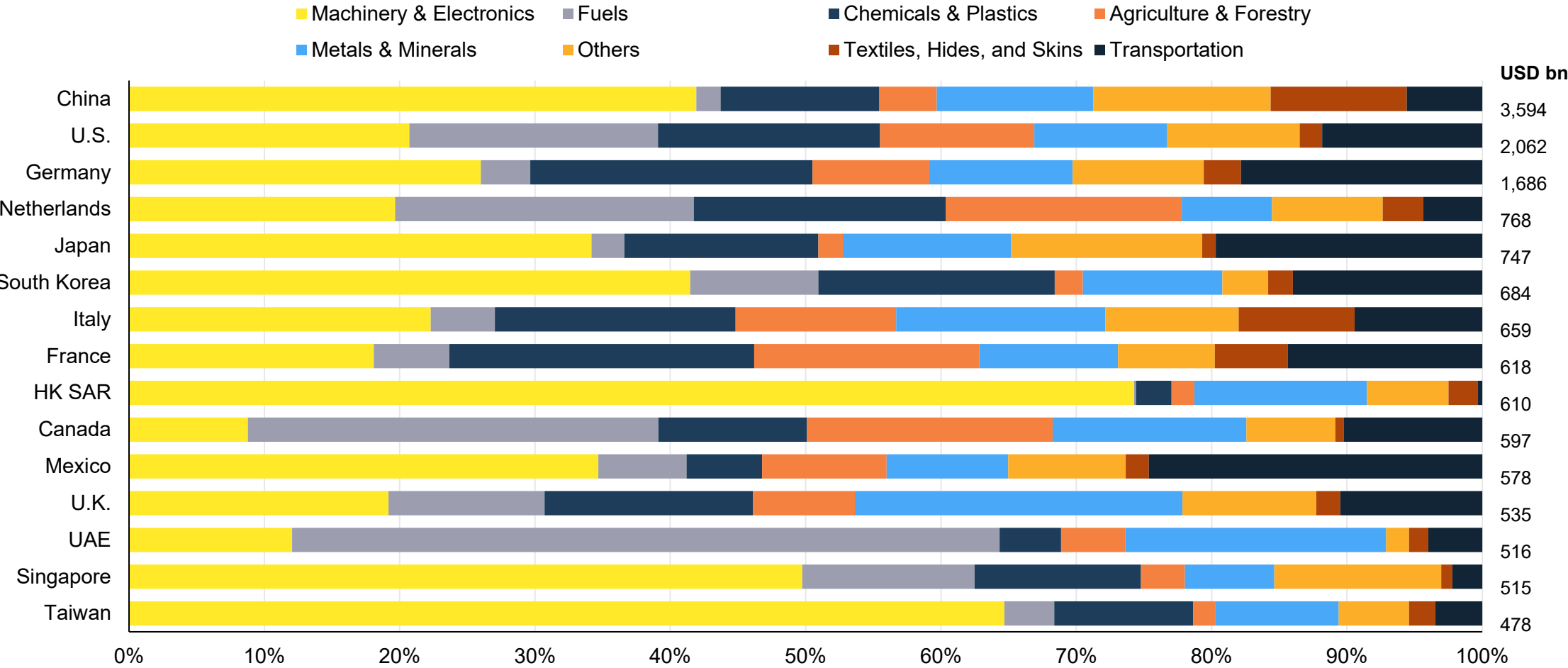
Top Ten Global Exporters by Market Share (%), Export Growth Rate (%), and Total Export Value (USD bn) (bubble size)



Note: The size of the bubble represents the total export value in 2022, USD bn
Source: UN Comtrade; Andaman Partners Analysis

Machinery & Electronics is the largest global export sector (26%), followed by Chemicals & Plastics (14%), and Fuels (13%). China, the U.S., and Germany dominate the first two export sectors

Top 15 Global Exporters by Value (USD bn) and Export Sectors (%), 2022













Source: UN Comtrade; Andaman Partners Analysis

Asia has surpassed Europe as the largest exporting region, reflecting a fundamental shift in global trade

- **China** dominates global exports, followed by **the U.S.** and **Germany**. Collectively, these three countries account for almost a third of global exports.
- Asia's share of global exports surged from 29% in 2000 to 39% in 2022, driven by the rapid growth of **China, South Korea, India, and Vietnam**. By contrast, Europe's share dropped from 44% to 35% and America's from 22% to 16%.
- From 2010 to 2022, the fastest-growing exporters were **China, the Netherlands, India, Taiwan, the UAE, Poland, Vietnam, and Turkey**, which all reported average annual growth above 5%. **Vietnam's** exports grew by over 14% annually, **the UAE's** by almost 10%, and **Türkiye** and **Poland's** by around 7%.
- Machinery & Electronics, Chemicals & Plastics, and Fuels form the backbone of global trade, reflecting industrial demand and consumer consumption patterns.
- **China, the U.S.**, and **Germany** are global leaders in Chemicals & Plastics exports, driven by industrial demand in pharmaceuticals, industrial chemicals, and plastics manufacturing. Countries like **the UAE** and **Saudi Arabia** have benefitted significantly from Fuels exports, positioning themselves as key players in global energy trade.

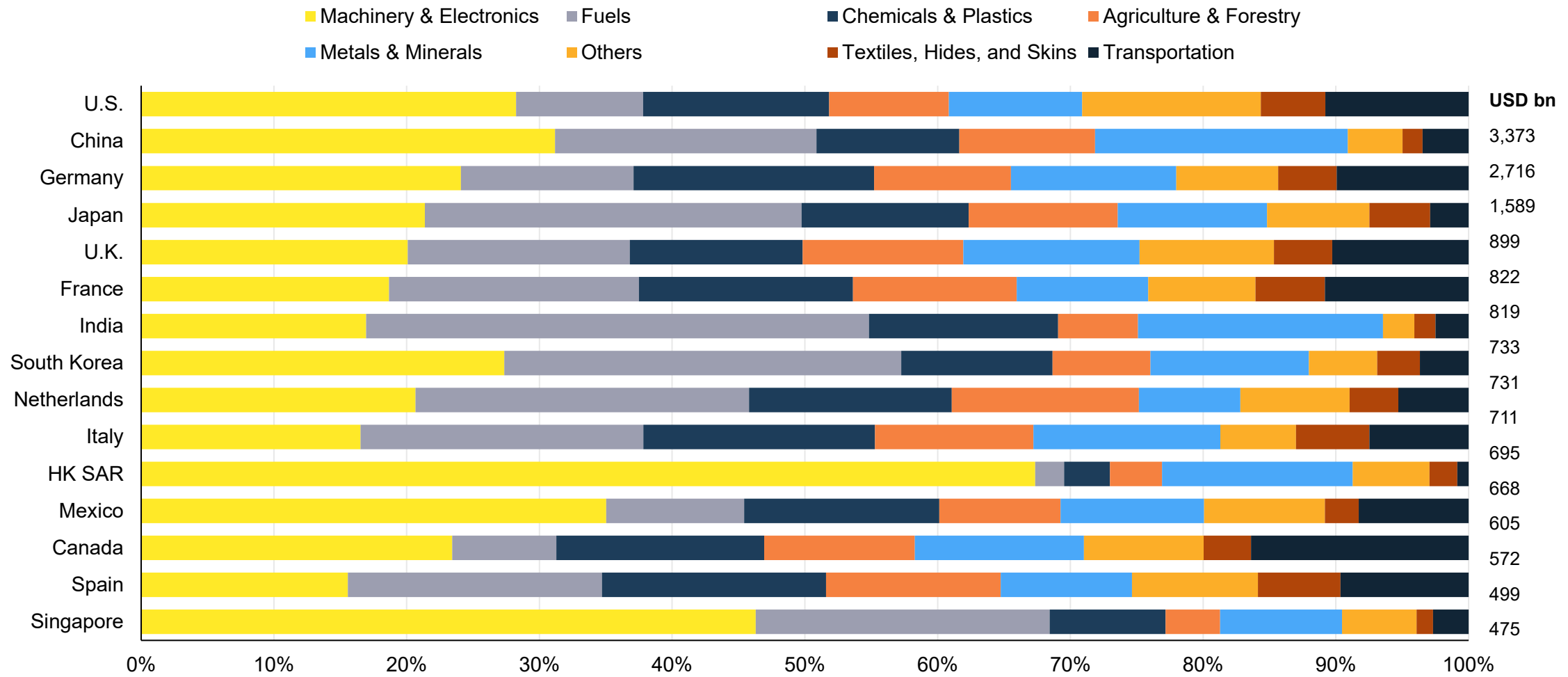
Global imports reached about USD 28 trillion in 2022. The U.S. is the world's largest importer, but Asia as a region dominates global imports

Global Exports Ranking, 2022, and Growth Rate, 2010-2022 and 2021-2022

Country	Rank	2022 total import value (USD bn)	Global import market share (%)	2010-22 CAGR (%)	2021-22 growth rate (%)
 U.S.	1	3,373	13.5%	4.6%	15.0%
 China	2	2,716	10.9%	5.7%	1.4%
 Germany	3	1,589	6.4%	3.4%	11.5%
 Japan	4	899	3.6%	2.2%	16.4%
 U.K.	5	822	3.3%	2.3%	19.4%
 France	6	819	3.3%	2.6%	14.5%
 India	7	733	2.9%	6.3%	28.4%
 South Korea	8	731	2.9%	4.6%	18.9%
 Netherlands	9	711	2.9%	4.1%	14.0%
 Italy	10	695	2.8%	3.0%	22.4%

Machinery & Electronics accounted for 26% of global imports in 2022, followed by Fuels (17%), Chemicals & Plastics (15%), and Metals & Minerals (13%). Asia is a major producer and consumer of technological and industrial products

Top 15 Global Importers by Value (USD bn) and Import Sectors (%), 2022



Source: UN Comtrade; Andaman Partners Analysis

GLOBAL IMPORTS

Asia's share of global imports has grown substantially, reflecting the continent's increasing importance as both a manufacturing hub and a consumer market

- **Asia's** share of global imports has increased from 26% in 2000 to 37% in 2022. **Europe's** share decreased from 41% in 2000 to 33% in 2022, reflecting the shift in economic activity towards Asia and other emerging markets.
- **The U.S.** is the largest global importer, with imports growing from USD 1.2 trillion in 2000 to USD 3.4 trillion in 2022, driven by high demand for consumer goods and industrial products.
- **China** grew rapidly from 8th place in 2000 to second in 2022, with imports increasing from USD 225 billion to USD 2.7 trillion.
- **India** entered the top 10 in 2022, with imports valued at USD 733 billion, driven by increasing demand for fuels, machinery, and electronics. **Vietnam** is emerging as another significant Asian importer.
- From 2010 to 2022, the countries with the fastest-growing imports (above 5% average annual growth) were **Vietnam** (12.8%), **UAE** (7%), **India** (6.3%), **Poland** (6.2%), **Mexico** (6%), **Türkiye** (5.8%), and **China** (5.7%).
- Global imports are dominated by Machinery & Electronics, which accounted for more than a quarter of global imports in 2022, and Fuels, Chemicals & Plastics, and Metals & Minerals.

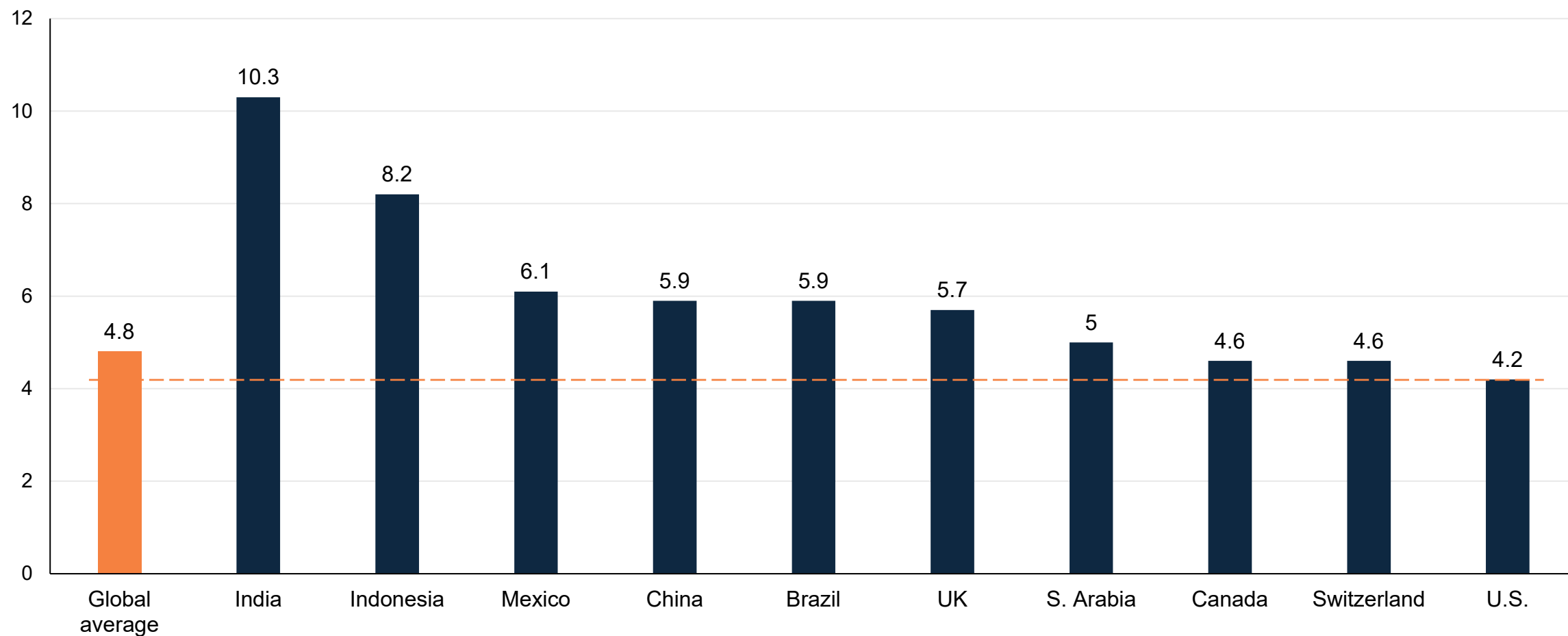
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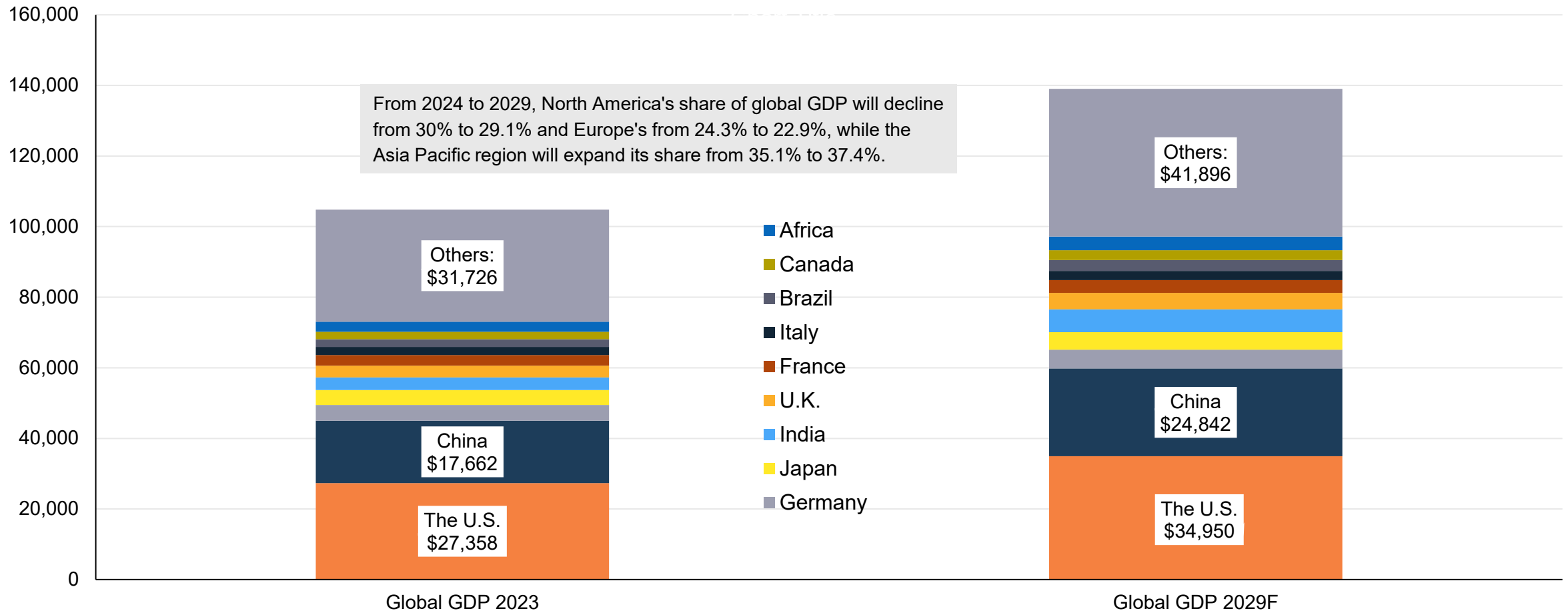
The global economy is undergoing a gradual but inexorable shift from developed to emerging economies: India, Indonesia, and Mexico will drive global growth up to 2030

Fastest-growing Top 30 Economies: 5 Year Average GDP Growth, 2024 – 2029F (%)



The shifting composition of the global economy reflects a gradual rebalancing of economic power away from developed regions to emerging economies

Relative Composition of Global Economy (USD bn), 2023 and 2029F



NEAR HORIZON: 2030

The global economy will grow at an average rate of 4.8% in 2024-2029, but a group of emerging economies will significantly outperform the global average

- In 2030, **the U.S.** and **China** will be the world's largest economies, the U.S. economy will be worth around USD 35 trillion after growing at 4.2% annually from 2024 to 2029. China will grow at 5.9% and consolidate its position as the second-largest economy, reaching USD 24.8 trillion in 2030.
- By 2030, **India** will be the third-largest, surpassing Germany and Japan, growing at 10.3% annually between 2024 and 2029, more than twice the global average, reaching USD 6.4 trillion in 2029.
- **Indonesia** is forecast to significantly outperform the global average, growing 8.2% annually from 2024 to 2029 to reach USD 2.19 trillion.
- Other emerging economies that are set to outperform the global average over the next five years are **Mexico** (6.1%), **Brazil** (5.9%), and **Saudi Arabia** (5%).
- Among developed economies, the highest growth rates up to 2030 are forecast for **the U.K.** (5.7%), **Canada** (4.6%), and **Switzerland** (4.6%).
- Key European economies like **Germany** (3.1%), **France** (3.1%), and **Italy** (2.6%) will struggle to keep pace with emerging economies.

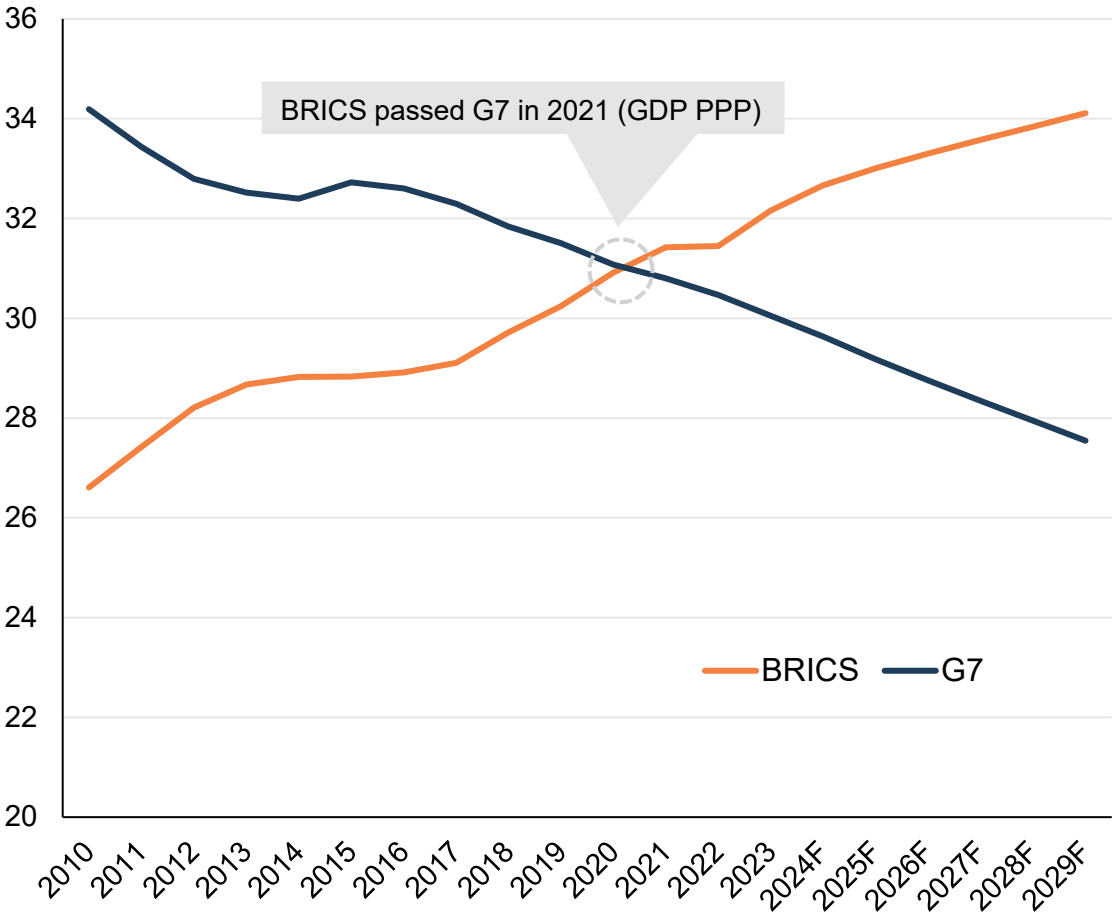
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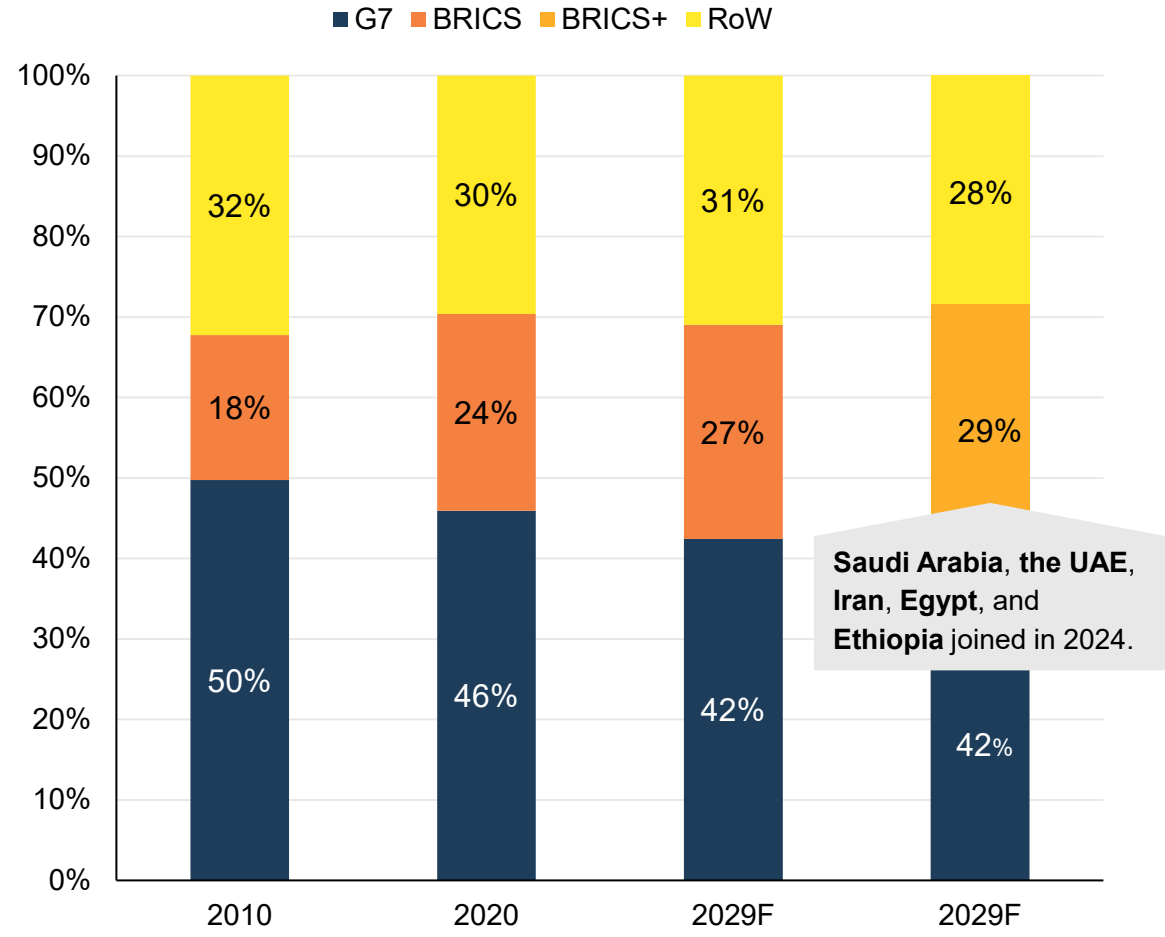


The BRICS bloc has rapidly emerged as a cornerstone of global economic growth, exceeding the G7 in terms of GDP at PPP, but in nominal terms, the G7 is still significantly larger

G7 and BRICS: GDP PPP, Share of World, %, 2010-2029F



Composition of Global GDP (2023 Current Prices): G7, BRICS, and Rest of World, %, 2010, 2020, 2029F

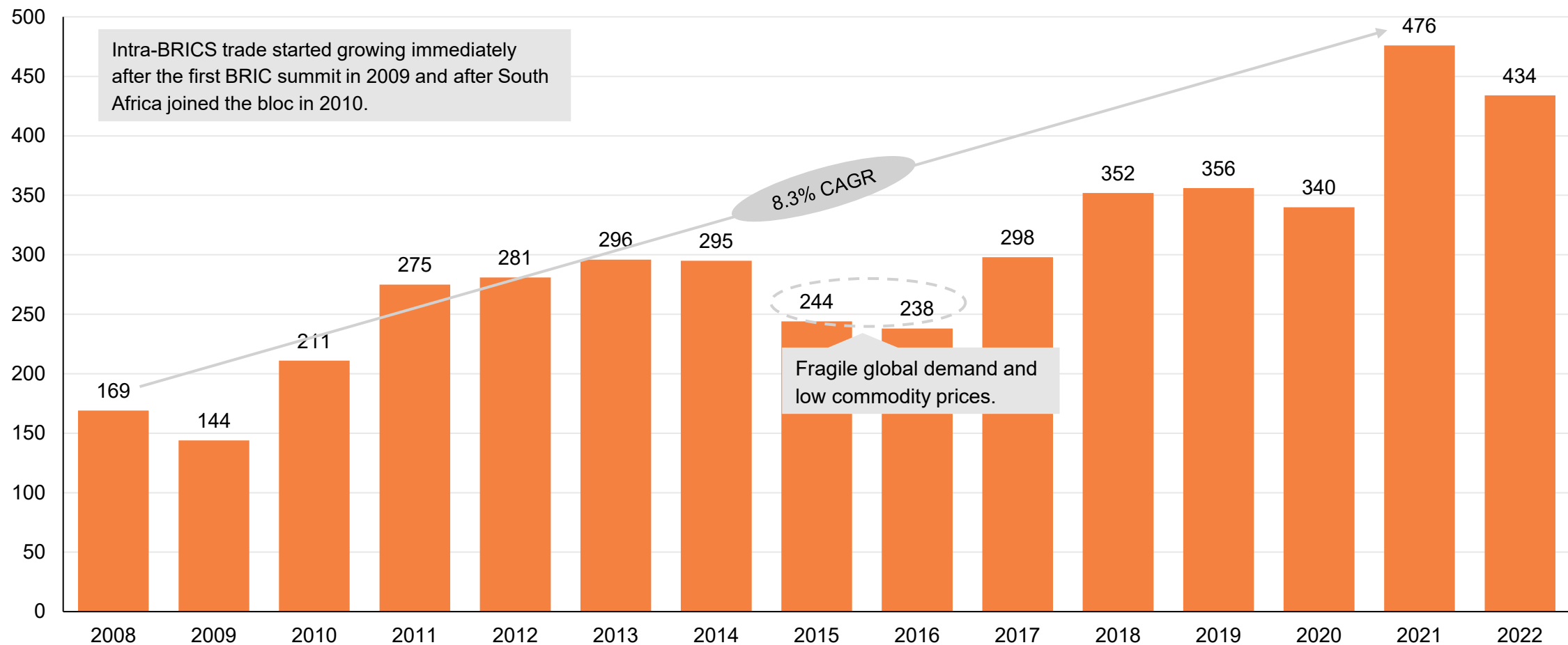


Saudi Arabia, the UAE, Iran, Egypt, and Ethiopia joined in 2024.

Source: IMF; Andaman Partners Analysis

With USD 5 billion in exports in 2022, BRICS accounted for almost a fifth of global exports, and although still relatively small, intra-BRICS trade is increasing rapidly

Intra-BRICS Trade (USD bn), 2008-2022

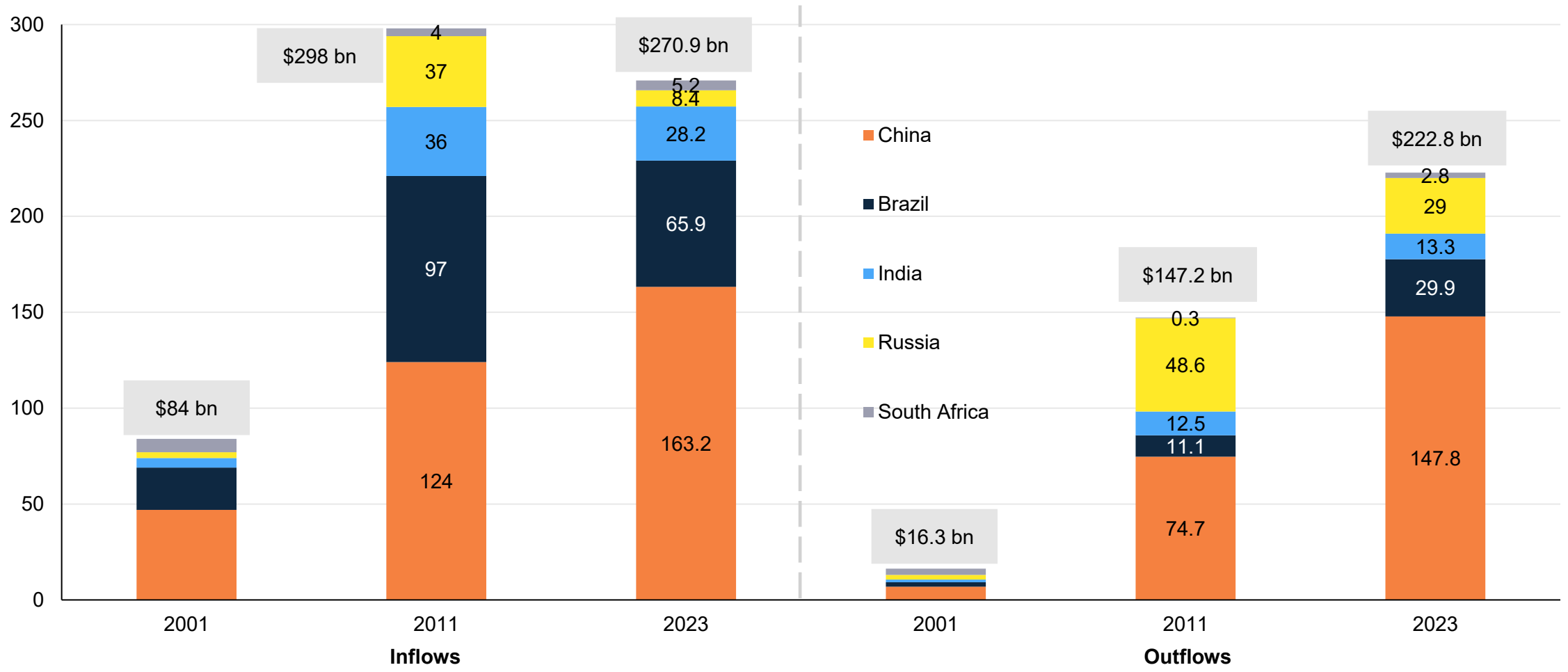


Note: No data for Russia for 2022

Source: UN Comtrade; Andaman Partners Analysis

Investment flows into the BRICS bloc have fluctuated over the past decade, but BRICS, particularly China and India, continue to attract significant FDI inflows

BRICS FDI Flows (USD bn), 2001, 2011, and 2023



Source: UNCTAD; Andaman Partners Analysis

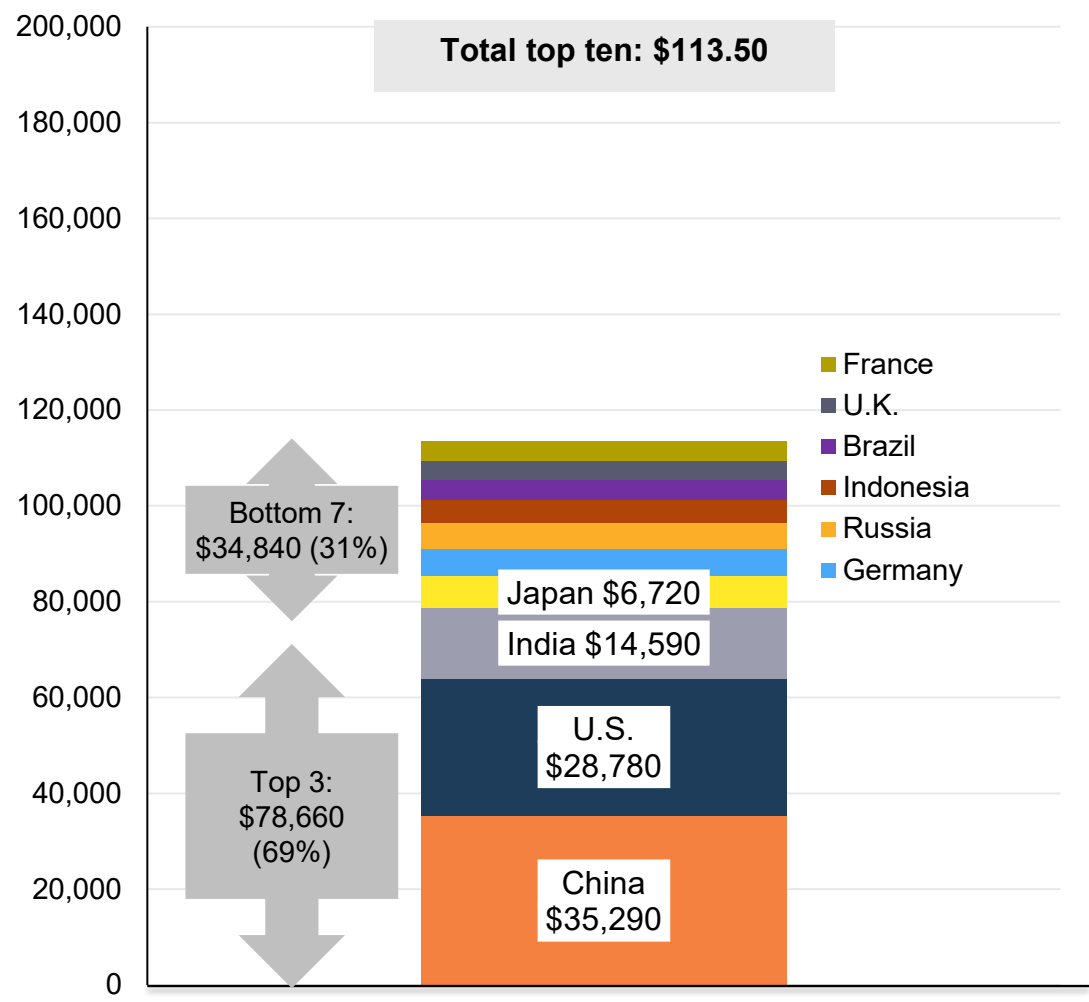
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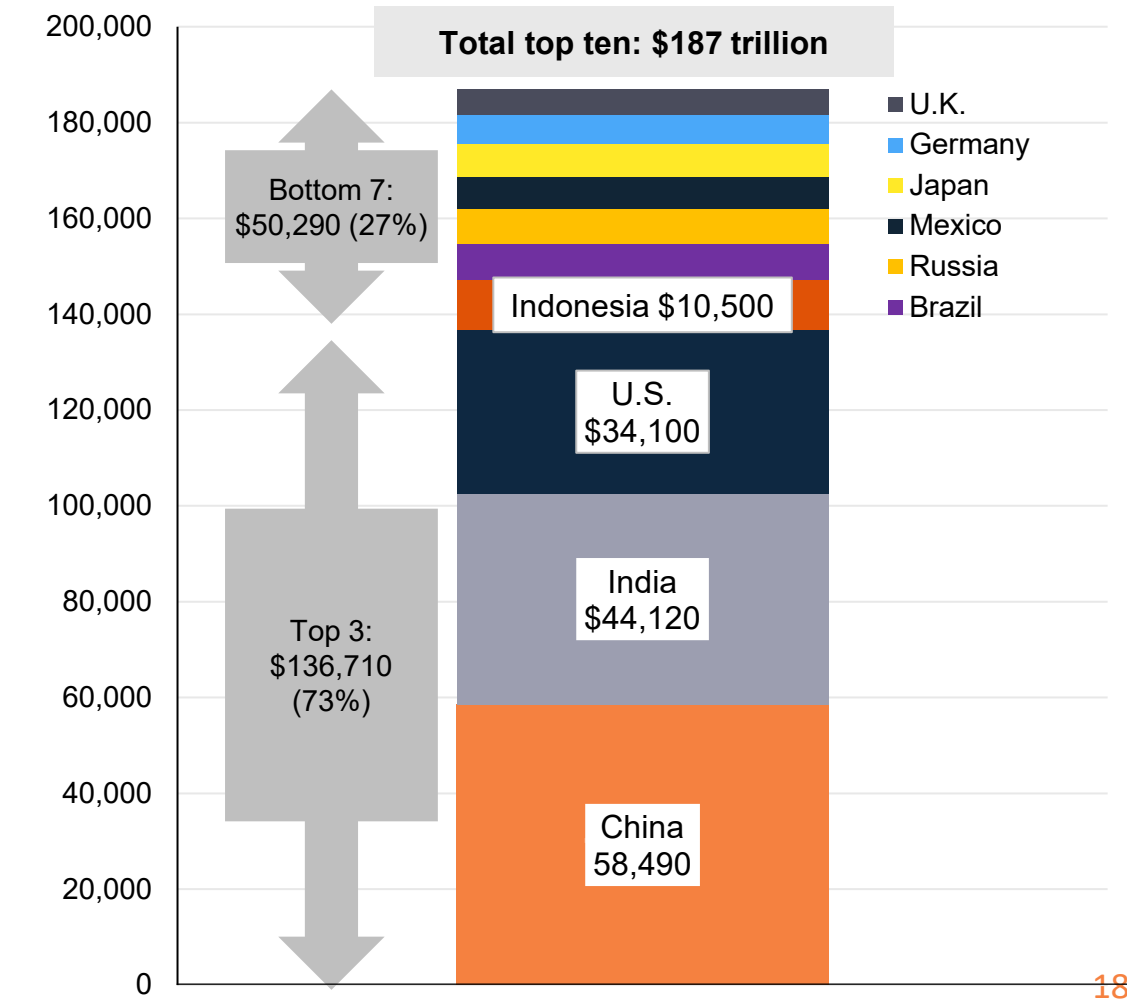


China will be the world's largest economy in 2050 at GDP PPP, followed by India and the U.S. These three economies will far outweigh all others

Largest Economies at GDP PPP Current Prices (USD bn), 2024



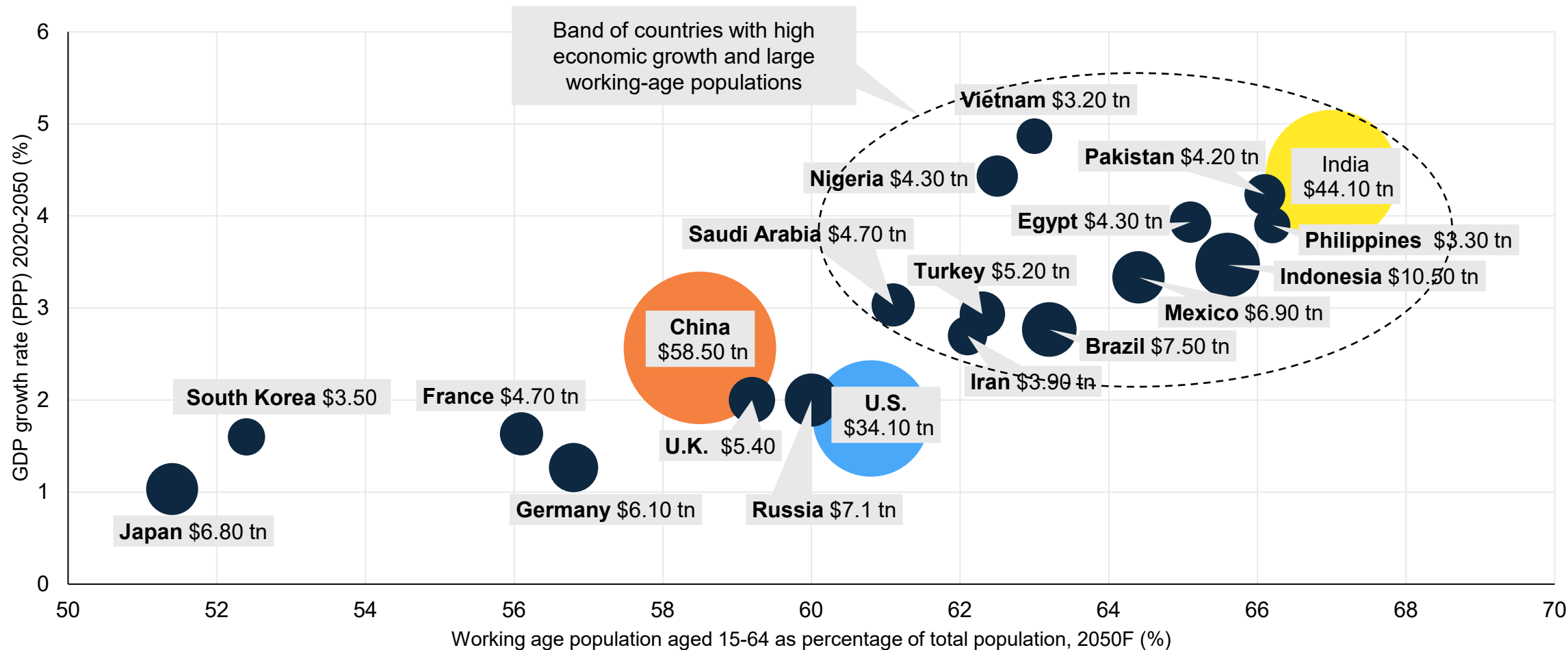
Largest Economies at GDP PPP 2016 Prices (USD bn), 2050F



Source: IMF World Economic Outlook (April 2024); PwC projections for 2050; Andaman Partners Analysis

In the decades up to 2050, a group of emerging economies with increasing working-age populations will achieve the fastest economic growth and start to rival the top ten largest economies by 2050

The Global Economy up to 2050F: GDP and Growth Rate, Working Age Population



PEERING AHEAD: 2050

A power shift will be accentuated to 2050: The global economy is shifting from developed economies to emerging economies, led by China, India, Indonesia, and Brazil

- The global economy will double in size from 2017 to 2042 and grow at an annual average rate of 2.6% between 2016 and 2050. Most of this growth will be accounted for by the seven largest emerging market economies (E7): **Brazil, China, India, Indonesia, Mexico, Russia, and Türkiye**.
- From 2016 to 2050, the E7 economies will increase their share of global GDP from 40% to almost 50, while the share of the G7 countries will decline from 30% to 20%.
- By 2050, several emerging countries will be among the world's 20 largest economies, including **Türkiye** (11th), **Saudi Arabia** (13th), **Nigeria** (14th), **Egypt** (15th), **Pakistan** (16th), **Iran** (17th), **the Philippines** (19th), and **Vietnam** (20th).
- **Vietnam, Pakistan, Nigeria, the Philippines, and India** will be the world's fastest-growing economies between 2016 and 2050, with average annual growth of 4-5%.
- Today's advanced economies such as **Japan, Italy, and Germany** will grow by less than 1.5% up to 2050, and their working-age populations will contract, causing **Italy, Canada, and Spain** to drop out of the top 20.

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PATHWAYS TO 2050

Key success factors for CEOs to stay competitive in a changing global economic order

ARE YOU TARGETING THE RIGHT MARKETS WITH THE RIGHT STRATEGIES?

- Prioritize expansion into key Asian markets, particularly in sectors like technology and industrial goods, while adopting flexible strategies that respond to specific conditions in the U.S. and China.
- Given the dominance of Machinery & Electronics in global trade, invest in R&D for technology-driven sectors and ensure supply chains are robust enough to handle disruptions.

ARE YOU WELL POSITIONED IN EMERGING MARKETS?

- Global competitiveness in 2050 will require an active and established presence in emerging economies. CEOs must gravitate toward these economies in regions such as South East Asia and Middle East & North Africa, which will become global centers of growth and investment.
- Utilize flexible local market entry strategies and investment in R&D to appeal to consumers and increase productivity.

ARE YOU READY TO LEVERAGE BRICS MARKETS?

- Prioritize market entry and expansion within the BRICS bloc to take advantage of large consumer bases and growing purchasing power, and capitalize on intra-BRICS trading opportunities.
- Invest in high-growth sectors such as technology, green energy, and infrastructure, and customize products, services, and business models.
- Monitor the evolving BRICS+ framework for new avenues for market access and strategic partnerships, especially in energy, natural resources, and financial services.

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