

# IFPSM World Summit 2017

Friday, 22 September – Saturday, 23 September



Taipei, Taiwan

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# Global Economic Trends in the Coming Decades

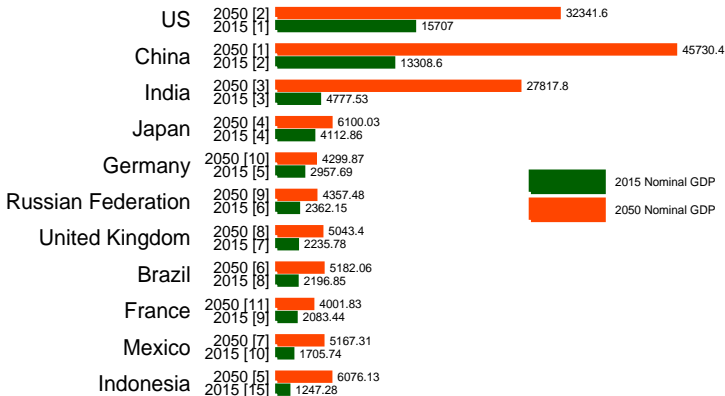
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## *Global Economic Trends in the Coming Decades*

- New top ten & new economic powers
  - Emerging Asia
  - Mediocre spending power for individuals in newly-rich countries
- Demographic decline
- Proliferation of RTA

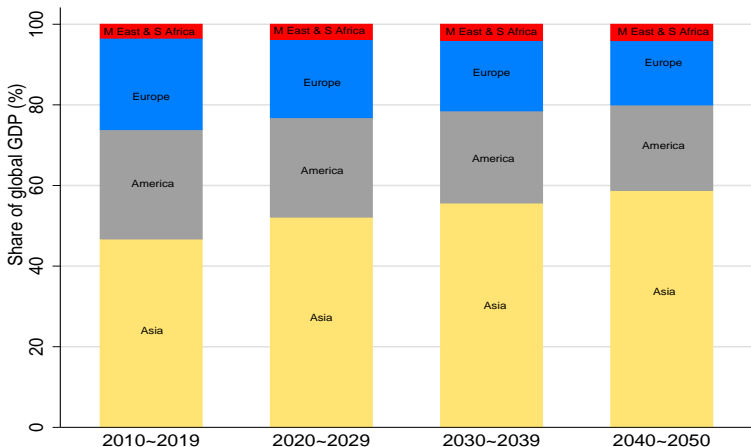
## New top ten & new economic powers



Nominal GDP (US unit : one billion dollars ) Source: OECD statics

- ✿ China overtakes the U.S. in 2026
- ✿ India moves to the third place -with real annual at 5%
- ✿ Indonesia [5th] & Mexico [7th] - was 15th and 10th
- ✿ France moves out of top 10 - 11th in 2050

## *New top ten & new economic powers—Emerging Asian markets*



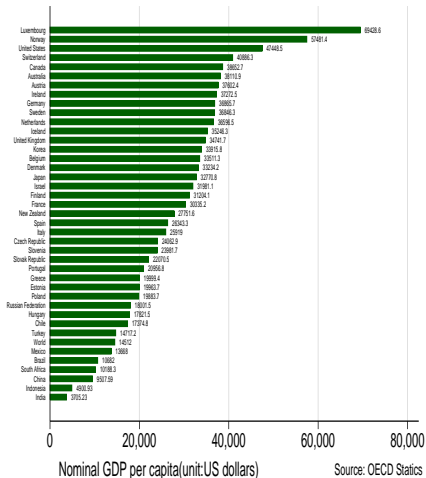
Source:OECD Statics

✿ Share of global GDP almost 50% (2015)

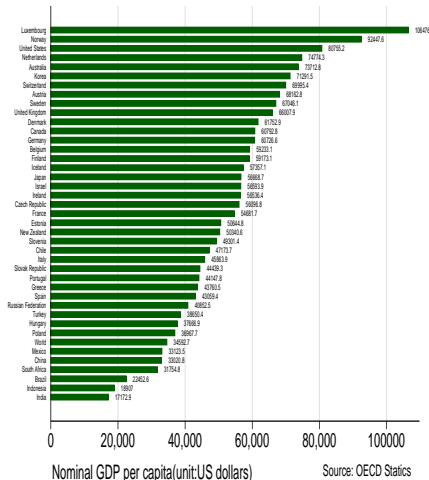
✿ Growth in share will continue - to almost 60% in 2050

# New top ten & new economic powers—Purchasing Power

2015

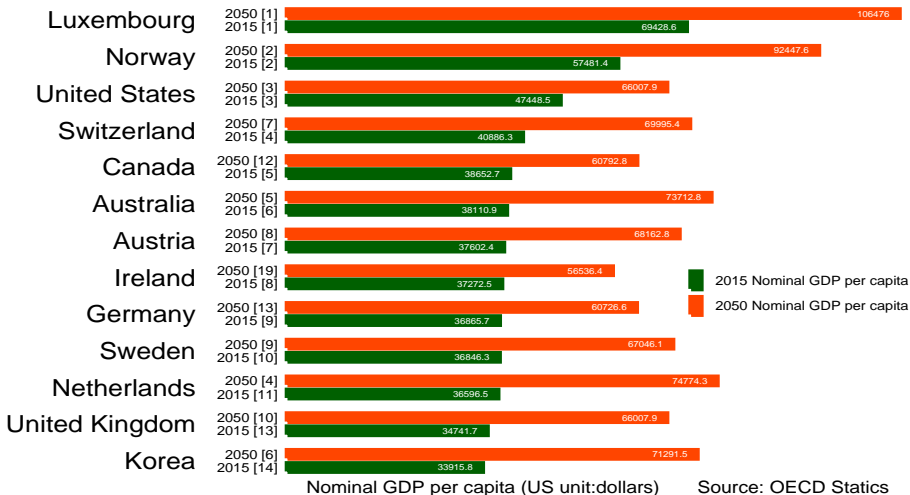


2050



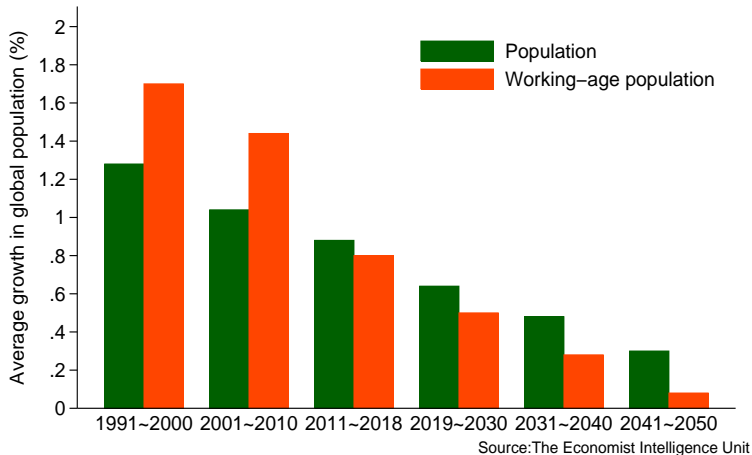
Emerging countries' spending power catch up fast. But still low in 2050 (China/India still at the bottom).

## New top ten & new economic powers—Purchasing Power



Today's advanced economies are likely to continue to dominate in spending power.

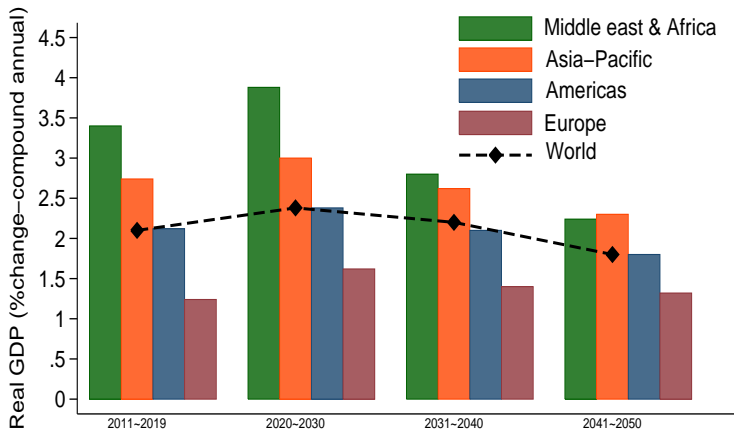
## Demographic decline



- Recent economic growth has been driven by population growth.
- Dramatic decline: 1.3% (1980-2014) → 0.5% (2015-50).
- Working-age population: 1.7% (1980-2014) → 0.3% (2015-50)



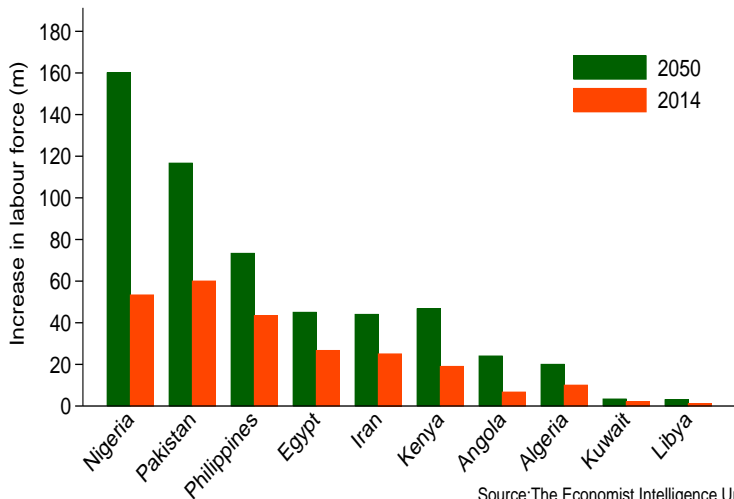
## Demographic decline



Source: The Economist Intelligence Unit

- Regional growth rates are expected to begin to decline.
- Global economic growth remains steady.

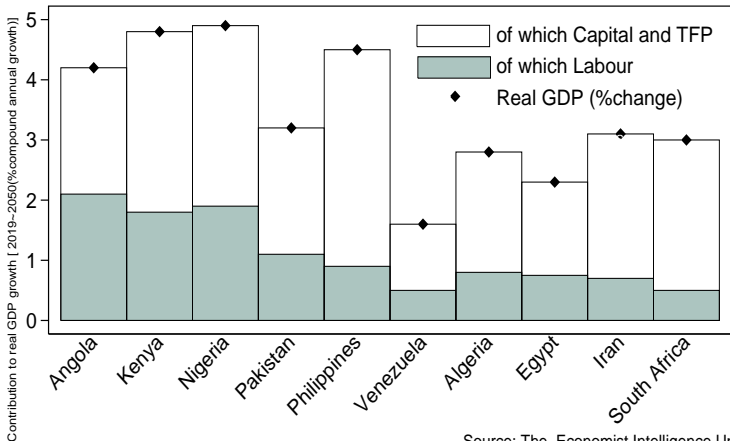
## Demographic decline—Some still grow



Source: The Economist Intelligence Unit

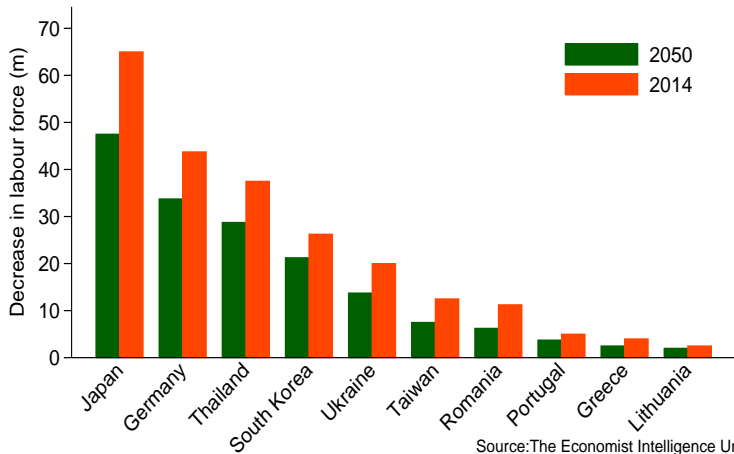
- ✿ Labor force in Angola, Nigeria and Kenya expected to almost triple
- ✿ The labour forces of Algeria, Egypt and Iran double
- ✿ Benefit from increased participation—women.

## Demographic decline—Some still grow



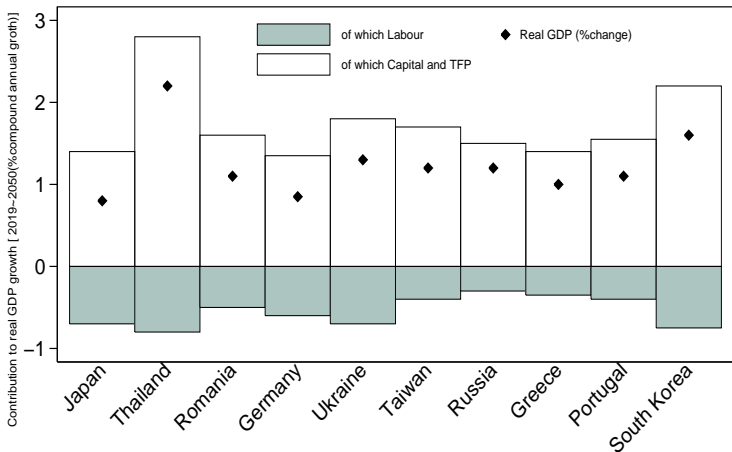
🌱 Favorable demographics → higher levels of growth

## Demographic decline—A drag to growth



- ✿ Japan - 66m → 47m
- ✿ China & South Korea - 17-18% drop
- ✿ Taiwan - over 30% drop
- ✿ Europe, Greece, Portugal and Germany decline by over 20%

## Demographic decline—A drag to growthh



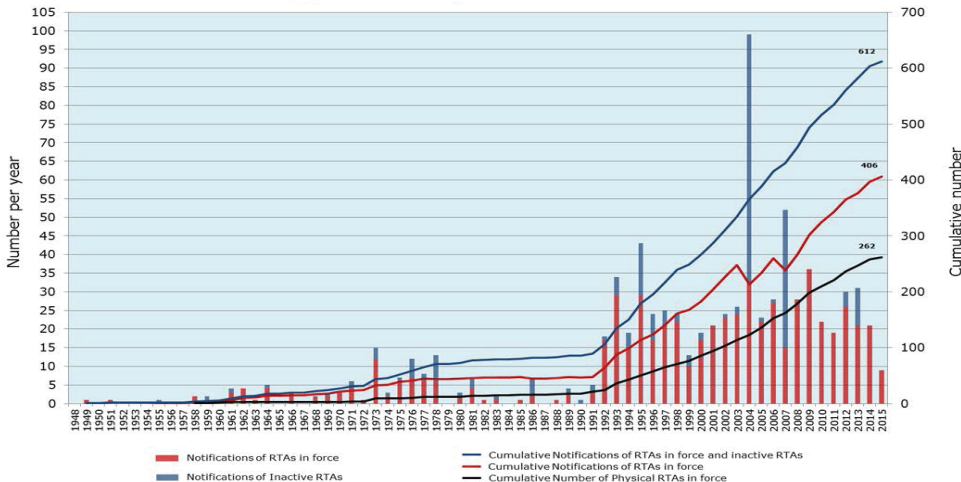
Source: The Economist Intelligence Unit

## *Demographic decline—Some implications*

- ✿ Run out of workers and customers. Economic growth suffers.
- ✿ Demands: Services (health care) ↑, Durables (cars, housing) ↓.
- ✿ Unemployment less a problem: More people leave the labor market, less enter.
- ✿ Excess savings: Less young (low savings rate), More middle aged (save for retirement)—hold down interest rate.
- ✿ Bad fiscal health—pension.
- ✿ Economies less sensitive to monetary policies—lower interest rate will not lure older people to spend.
- ✿ What to do & what to expect:
  - Immigrants (political issues, international competition for talents),
  - Older/female workers (past “retirement” age),
  - Robots/automation of all kinds.

# Proliferation of Regional Trade Agreements

## Evolution of Regional Trade Agreements in the world, 1948-2015



Note: Notifications of RTAs: goods, services & accessions to an RTA are counted separately. Physical RTAs: goods, services & accessions to an RTA are counted together.  
Source: WTO Secretariat.



Important implications for global value/supply chains & geopolitics.

## *Proliferation of Regional Trade Agreements—Implications*

- ✿ Rules of origin: Shift from lower-cost suppliers outside an FTA to higher-cost suppliers from within
- ✿ An arena of geopolitical competition:
  - Trade policies as security policies (e.g., TPP vs. RCEP).
  - Need to manoeuvre between competing giants.
  - Different Frameworks may or may not be compatible—not clear yet.



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Thank you!

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