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Institute on Comparative Regional Integration Studies



Future Trends Series - GR:REEN Project

Title of the report

The World in 2050 – Quantifying the Shift in the Global Economy

Area

Economy

Reporter

HSBC Global Research

Type of the Reporter

Private Organisation

Periodically updated?

No

First issued year

2011

Latest update

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Official website

<http://www.hsbcnet.com/gbm>

Language available

English

Short summary

“With the rapid growth of the emerging markets, the global economy is experiencing a seismic shift”. The report by HSBC Global Research argues that this shift is set to continue and assesses the reasons of the occurring change, as well as the potential scenarios that could arise. The aim is to foresee the future in order to shape investors’ decisions today.

Key trends

- World output will treble, as growth accelerates on the back of the emerging economies. On average, annual growth is projected to accelerate towards 3 per cent compared with growth of just over 2 per cent in the 2000s. Emerging world growth will contribute twice as much as the developed world to global growth over this period.
- By 2050, the collective size of the economies we currently deem ‘emerging’ will have increased five-fold and will be larger than the developed world.
- 19 of the top 30 economies by GDP will be countries that we currently describe as ‘emerging’.
- China and India will be the largest and third-largest economies in the world, respectively.

- Substantial progress up the global league table will be made by a host of other emerging economies – most notably Mexico, Turkey, Indonesia, Egypt, Malaysia, Thailand, Colombia and Venezuela.
- The US and the UK, with better demographic outlooks, will be relatively successful at maintaining their positions.
- The small-population, ageing, rich economies in Europe will be the big losers: Switzerland and The Netherlands will slip down the grid significantly, and Sweden, Belgium, Austria, Norway and Denmark will drop out of the 'top 30' altogether. This may have implications for the ability of these economies to influence the global policy agenda.
- Demographic change will be even more dramatic outside Europe. The working population will rise by 73 per cent in Saudi Arabia and fall by 37 per cent in Japan.
- By 2050, the seismic shift in the global economy will have only just begun. Despite a seven-fold increase, income per capita in China will still be only 32 per cent of that in the US and scope for further growth will be substantial. "This 'base effect' must be considered when comparing current growth in the emerging world with that of the developed world."
- Energy availability needs not to hinder this path of global development so long as there is major investment in efficiency and low-carbon alternatives. Meeting food demand may prove more of a challenge, but improvements in yield and diet could fill the gap.

Suggestions

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Methodology

Modelling

Reference to other trends reports? If yes, which reports?

- FOOD AND AGRICULTURE ORGANIZATION (FAO), *How to Feed the World in 2050*, 2009.
- IEA, *Energy Technology Perspectives*, 2010.
- UK GOVERNMENT OFFICE for SCIENCE, *Tackling Obesities: Future Choices*, 2007.
- UNITED NATIONS, *Forecasts of the Economic Growth in OECD Countries and Central and Eastern European Countries for the Period 2000-2040*, 2002.