


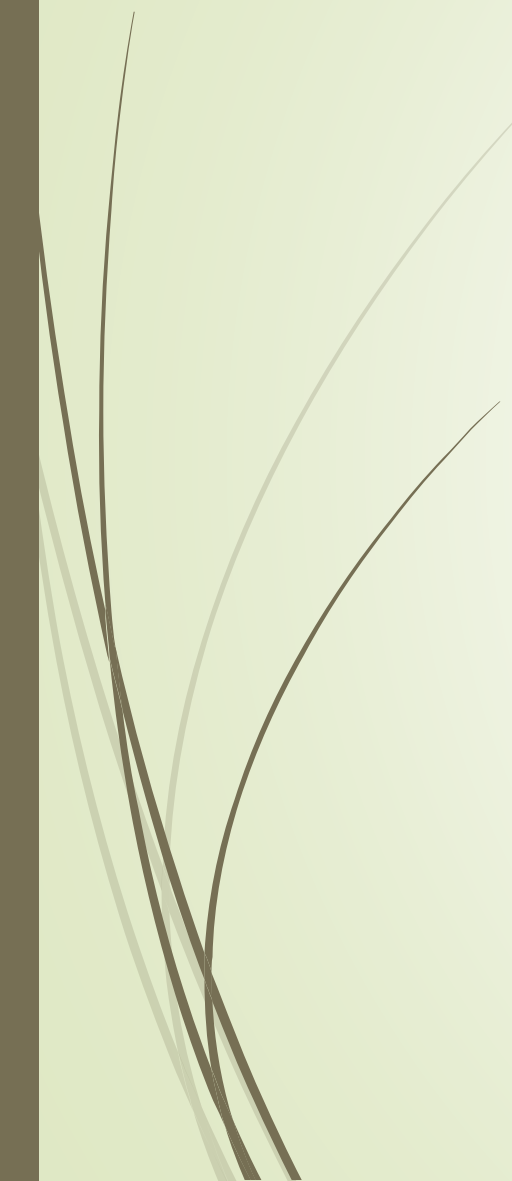
The 21st Century - An Asian Century ?


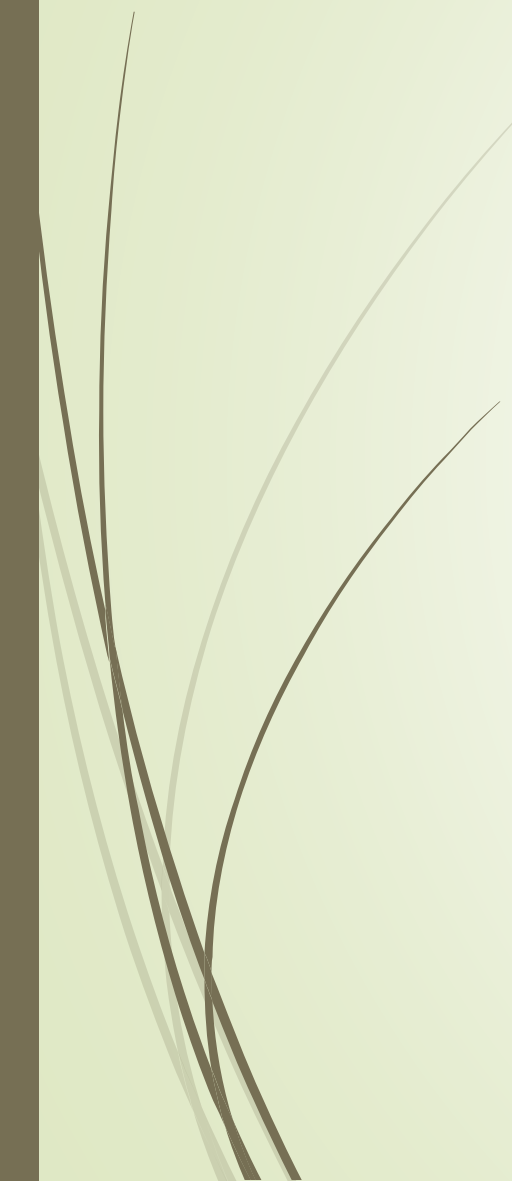




Ambassador Dato' M. Redzuan Kushairi






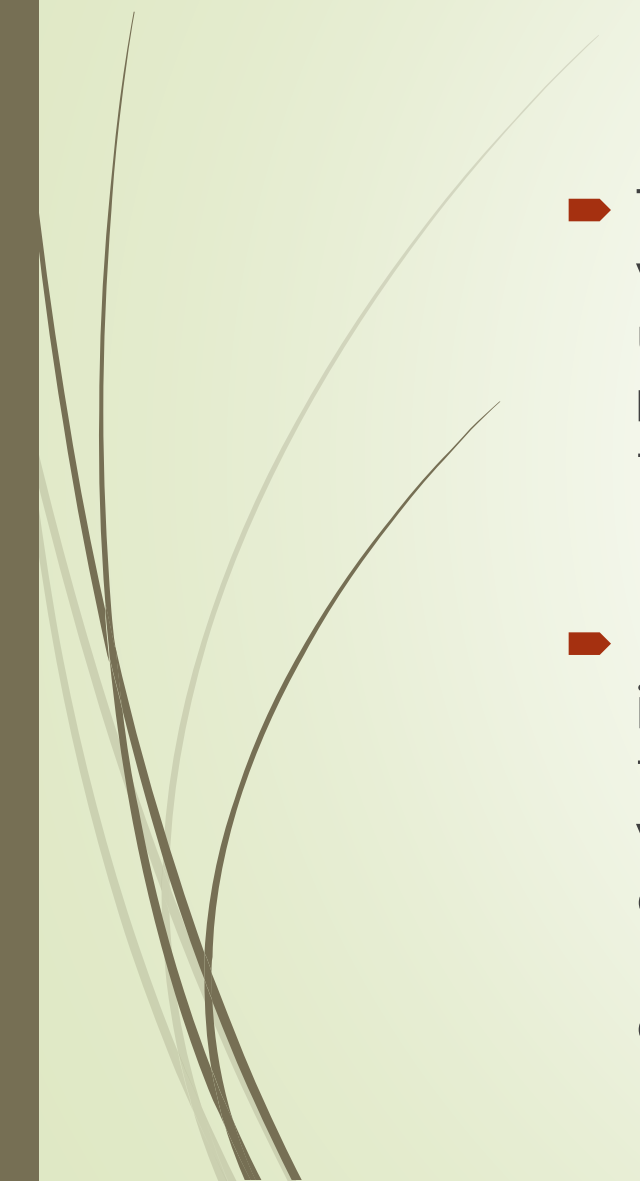
The 21st Century - the Asian Century

- This has been a popular topic since the rise of the Asian economies in the 1990s on the one hand, and on the other, the problems of economic growth and other issues affecting the US and Western countries.
 - The historic power shift from the West and to East is on-going, but the question remains whether the 21st Century will indeed be an Asian Century.
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- Many Books and Papers have been written on the subject. There are those who are very certain that the 21st Century is an Asian Century, but there are others who argue that while there is power shift from the West to the East, it will not an Asian Century and they believe that the US and the West will remain strong although they will no longer dominate the World and the US will no longer be the hegemon at the head of a Unilateral World. Instead, there is an emergence of multi hubs and multi partnerships World consisting the fast rising Asian Countries especially China and also India, Indonesia, South Korea and others.

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- Kishore Mahbubani in his Book “The Asian Hemisphere – The irresistible Shift of Global Power to the East“ argues that Asia with China and India taking the lead is in fact reclaiming their status as World’s power.
 - Kishore argues that it was only in the 1500s that the West started to rise rapidly through military especially naval power, rising trade and colonization, later industrialization, began to dominate the World.

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- The West is suffering from years of serious problems of economic growth and social and political problems internally in the West, and while the US in addition all those problems is in decline because of the classic case Imperial over-stretch with the wars in Iraq and Afghanistan are still on going, while Asia has undergone high growth for most part of the last 30 years especially China averaging growth of more than 10% per year, power is clearly shifting back to Asia.

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- The 2008 - 2009 financial crisis is a Western Crisis which not only worsen the economic malaise in the US and EU, but also undermined their financial structures and policies, and their rights to lecture to others about good governance, transparency, financial fiduciary and accountability.
 - Even the US Rating Agencies were guilty for their involvement in sub Prime crisis. The US Government was quick to bail out failing American Banks and other Financial Institutions whereas during the Asian 1997-98 financial crisis the US was against attempts by Governments, Japan, World Bank and IMF involvement to provide any financial assistance to help overcome the crisis.

SOME STATISTICS...

- ▶ Let's us look at some statistics :
- ▶ East Asia's GDP has risen sharply from 12% in 1970 to 25% in 2008.
- ▶ In terms of Total Trade, East Asia's share has expanded more dramatically from 10% in 1970 to over 30% in 2008.
- ▶ In 2006, China's Exports passed those of the US.
- ▶ China's merchandise Exports grew from US 183 billion to USD 1 trillion in 2006, and in 2009 China went past Germany as the World's leading Exporter.
- ▶ Since 1978, China's annual economic growth has averaged 9%. its economy increasing 48 fold, China's GDP was USD 168 billion and over USD 11 trillion.
- ▶ In 1980, China accounted for only 4% of global economic production, the US 22%, and presently the figures are 16.3% China and 16.1 % US.
- ▶ In 2006, the US was the top trading partner for 127 countries and China for 70, but by 2012 the figures had flipped: China 124 and the US 76.


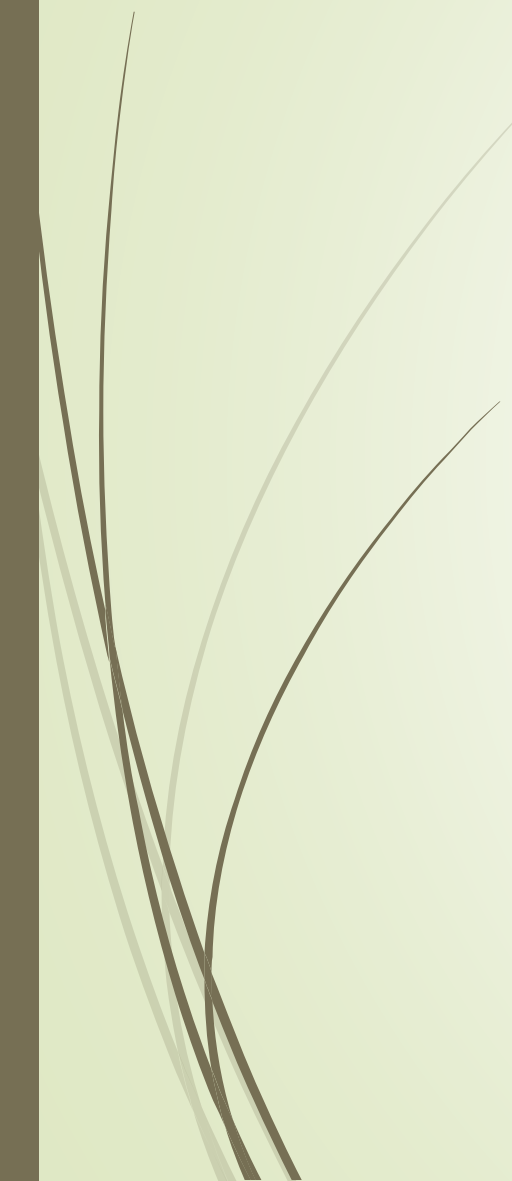
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- China has foreign reserves of USD 3.5 trillion and more than USD 1.3 trillion in US Treasury Bonds.
 - Asian countries after the financial crisis 1997-98 have been building up their foreign exchange reserves - 10 Asian countries have during the first quarter 2016 a total foreign reserves of USD 6.5 trillion (China USD 3.305 trillion, Japan USD 1.2632 trillion, Taiwan USD 425 billion, South Korea USD 377 billion, India USD 371 billion and Hong Kong USD 362 billion).
 - As a result, Asian countries are now the biggest holders of US Treasury Bonds and Asian Sovereign Wealth Funds and Companies have been the major Investors in the US and EU .


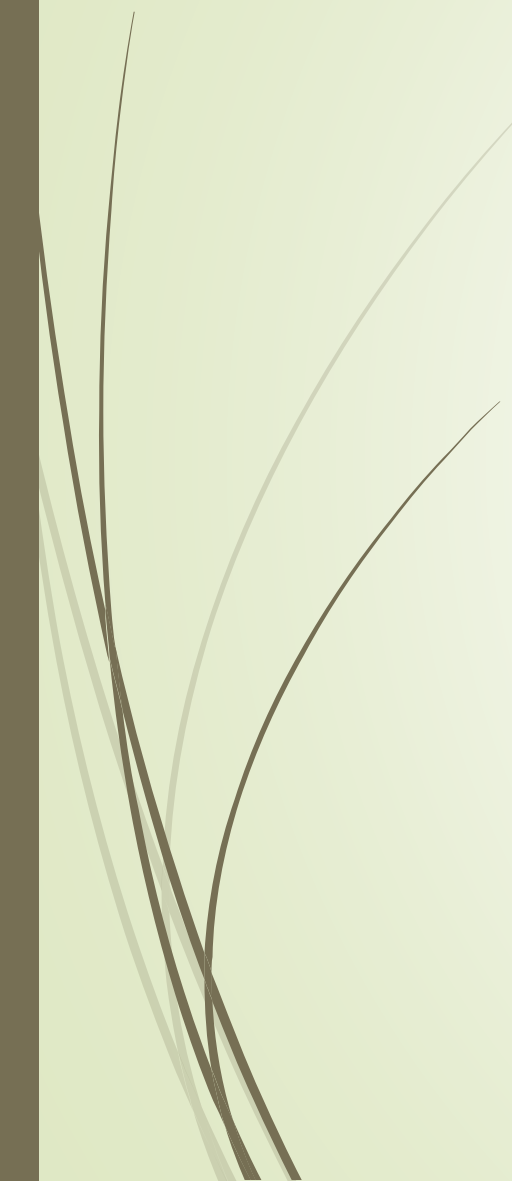
- According to IMF projection, the GDPs of the leading economies in terms of PPP will be vastly different in 2014 and in the year 2050 :






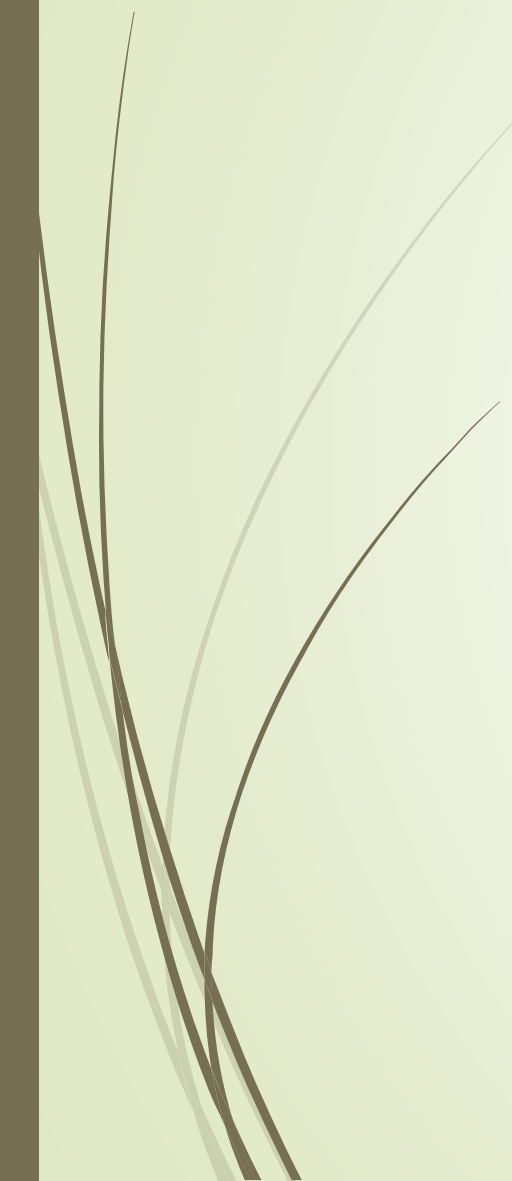
2014	(US Billion)	2050	
1 China	17,632	1 China	61,079
2 US	17,416	2 India	42,205
3 India	7,277	3 US	41,205
4 Japan	4,788	4 Indonesia	12,210
5 Germany	3,621	5 Brazil	9,164
6 Russia	3,559	6 Mexico	8,014
7 Brazil	3,073	7 Japan	7,914
8 France	2,587	8 Russia	
9 Indonesia	2,554	9 Nigeria	7,345
10 UK	2,435	10 Germany	6,338

- Despite the current global economic slowdown, Asia remains the economic power house, the biggest manufactures in the World, fastest growing middle class which will boost overall consumption patterns , and Asia will be the biggest consumers of energy, raw materials, food products and services. In other words, the growth engine of the World.
- However, Asia has many problems and despite the IMF growth predictions the future is less than certain .

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- The current World's economic slowdown is affecting Asia and in particular the slowdown in China is affecting other Asian countries who depend a lot on trade with China. At the same time, China is facing financial crisis as Banks with non performing loans in the construction and property sectors as well as troubles affecting many small and medium size Companies and the big State-Owned Enterprises.
 - Every year China faces the challenge of creating some over 20 million jobs and this will not be an easy task when the economy which is used to grow over 10% annually for the last 30 years are growing at between 6 to 7 % per year at best.
 - In addition, the disparity gap between the rich and poor is growing through out Asia, and this is particularly challenging when Asian countries do not sufficient social security safety net.
 - Asia also faces the problem of pollution, environmental degradation, migrant labour, human trafficking, corruption and governance.

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- There are many especially in the West who argue that the 21st Century will be a multi hub and partnership Century rather than a purely an Asian Century. While acknowledging, there is an going power shift with Asian countries playing more and more prominent role in World affairs and that the World will no longer be a Western dominated World, they argue that the West and the US in particular will continue to be an important player in international affairs.
 - They pointed out that the US still remains the leader when it comes to relative size of economies, US GDP at USD 17.4 trillion in 2014 is far larger than China at USD 10.3 trillion (41% smaller) and Japan at third place with USD 4.6 trillion is 3 times smaller than the US.






















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- Despite China's significant increase in military spending in recent years, the US has a far larger defence budget - in 2015 US total defence budget totaled USD 577 billion compared to China's USD 145 billion - almost a ratio of 4:1 in favour of the US.
 - US pre-eminence is also clear in other areas - US global share of Venture Capital Investment is 70%, Social Media use 60% and spendings in R+D 25%.

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- In my view, Asia faces a serious geo-political challenge, consequent of the power shift from the West to the East. How a rising China and a US in decline will find an equilibrium in the Asia -Pacific Region. I believe there a complex mix of cooperation and competition and in the process of reaching a new equilibrium, there will uncertainties and even tensions. An interesting question is how other countries in the Region especially powers like India, Japan and Indonesia will fit into the new evolving power structure.
 - Because of its size and rising economies, Asia in the evolving power structure will be an important albeit complex component of the multi hub and multi partnerships International System as there will be a convergence of China and Russian led hub and multi partnerships involving the EuroAsian Union, the Shanghai Cooperation and ASEAN on the one hand, and the US led hub and multi partnerships where countries which are members of the EuroAsian Union, SCO and ASEAN together Japan, South Korea, Taiwan, Australia and New Zealand are partners.

GDP BASED ON PPP VALUATION

GDP, current prices

(billion USD)






















1		<u>United States</u>	18,558
2		<u>China</u>	11,383
3		<u>Japan</u>	4,413
4		<u>Germany</u>	3,468
5		<u>United Kingdom</u>	2,761
6		<u>France</u>	2,465
7		<u>India</u>	2,289
8		<u>Italy</u>	1,849
9		<u>Brazil</u>	1,535
10		<u>Canada</u>	1,462
11		<u>Korea</u>	1,321
12		<u>Spain</u>	1,242
13		<u>Australia</u>	1,201
14		<u>Russia</u>	1,133
15		<u>Mexico</u>	1,082
16		<u>Indonesia</u>	937
17		<u>Netherlands</u>	763
18		<u>Turkey</u>	751
19		<u>Switzerland</u>	652
20		<u>Saudi Arabia</u>	618
21		<u>Nigeria</u>	538



1980 1990 2000 2005 2011 2012 2013 2014 2015 2016

GDP based on PPP valuation

(billion current international dollars)

1		<u>China</u>	20,853
2		<u>United States</u>	18,558
3		<u>India</u>	8,643
4		<u>Japan</u>	4,901
5		<u>Germany</u>	3,935
6		<u>Russia</u>	3,685
7		<u>Brazil</u>	3,101
8		<u>Indonesia</u>	3,011
9		<u>United Kingdom</u>	2,757
10		<u>France</u>	2,703
11		<u>Mexico</u>	2,303
12		<u>Italy</u>	2,213
13		<u>Korea</u>	1,916
14		<u>Saudi Arabia</u>	1,720
15		<u>Spain</u>	1,674
16		<u>Canada</u>	1,672
17		<u>Turkey</u>	1,665
18		<u>Islamic Republic of Iran</u>	1,439
19		<u>Australia</u>	1,178
20		<u>Thailand</u>	1,152
21		<u>Nigeria</u>	1,128



1980 1990 2000 2011 2012 2013 2014 2015 2016

GDP BASED ON PPP VALUATION

GDP, current prices

(billion USD)

	2014	2015	2016
<u>United States</u>	17,348.1	17,947.0	18,558.1
<u>China</u>	10,430.7	10,982.8	11,383.0
<u>Japan</u>	4,596.2	4,123.3	4,412.6
<u>Germany</u>	3,874.4	3,357.6	3,467.8
<u>United Kingdom</u>	2,991.7	2,849.3	2,761.0
<u>France</u>	2,833.7	2,421.6	2,464.8
<u>India</u>	2,042.6	2,090.7	2,288.7
<u>Italy</u>	2,141.9	1,815.8	1,848.7
<u>Brazil</u>	2,417.2	1,772.6	1,534.8
<u>Canada</u>	1,783.8	1,552.4	1,462.3
<u>Korea</u>	1,410.4	1,376.9	1,321.2
<u>Russia</u>	2,029.6	1,324.7	1,132.7
<u>Australia</u>	1,442.0	1,223.9	1,200.8
<u>Spain</u>	1,383.5	1,199.7	1,242.4
<u>Mexico</u>	1,297.9	1,144.3	1,082.4
<u>Indonesia</u>	890.6	859.0	937.0
<u>Netherlands</u>	880.7	738.4	762.5
<u>Turkey</u>	798.3	733.6	751.2
<u>Switzerland</u>	701.2	664.6	651.8
<u>Saudi Arabia</u>	753.8	653.2	618.3
<u>Argentina</u>	544.7	585.6	437.9
<u>Taiwan Province of China</u>	530.0	523.6	508.8
<u>Sweden</u>	571.1	492.6	512.7
<u>Nigeria</u>	574.0	490.2	538.0
<u>Poland</u>	544.9	474.9	473.5
<u>Belgium</u>	532.4	454.7	465.2

GDP based on PPP valuation

(billion current international dollars)

	2014	2015	2016
<u>China</u>	17,960.7	19,392.4	20,853.3
<u>United States</u>	17,348.1	17,947.0	18,558.1
<u>India</u>	7,347.2	7,965.2	8,642.8
<u>Japan</u>	4,759.6	4,830.1	4,901.1
<u>Germany</u>	3,748.1	3,840.6	3,934.7
<u>Russia</u>	3,824.0	3,717.6	3,684.6
<u>Brazil</u>	3,287.2	3,192.4	3,101.2
<u>Indonesia</u>	2,685.3	2,842.2	3,010.7
<u>United Kingdom</u>	2,594.4	2,679.3	2,756.7
<u>France</u>	2,591.2	2,646.9	2,703.4
<u>Mexico</u>	2,150.3	2,227.2	2,303.2
<u>Italy</u>	2,133.2	2,170.9	2,213.1
<u>Korea</u>	1,784.0	1,848.5	1,916.4
<u>Saudi Arabia</u>	1,612.3	1,683.0	1,720.0
<u>Canada</u>	1,597.0	1,631.9	1,671.9
<u>Spain</u>	1,549.3	1,615.1	1,674.0
<u>Turkey</u>	1,514.9	1,588.8	1,665.3
<u>Islamic Republic of Iran</u>	1,357.0	1,371.1	1,439.3
<u>Australia</u>	1,099.5	1,138.1	1,177.6
<u>Thailand</u>	1,067.0	1,108.1	1,152.4
<u>Taiwan Province of China</u>	1,080.1	1,099.0	1,126.0
<u>Nigeria</u>	1,052.9	1,091.7	1,128.0
<u>Egypt</u>	995.8	1,047.9	1,092.6
<u>Poland</u>	960.5	1,005.4	1,051.6
<u>Argentina</u>	950.9	972.0	971.6
<u>Pakistan</u>	884.2	931.0	982.4
<u>Netherlands</u>	808.8	832.6	856.3

Real GDP Growth

(percent change)

	2014	2015	2016
<u>Ethiopia</u>	10.3	10.2	4.5
<u>Papua New Guinea</u>	8.5	9.0	3.1
<u>Uzbekistan</u>	8.1	8.0	5.0
<u>Ireland</u>	5.2	7.8	5.0
<u>Democratic Republic of the Congo</u>	9.2	7.7	4.9
<u>Bhutan</u>	6.4	7.7	8.4
<u>India</u>	7.2	7.3	7.5
<u>Myanmar</u>	8.7	7.0	8.6
<u>Lao P.D.R.</u>	7.4	7.0	7.4
<u>Dominican Republic</u>	7.3	7.0	5.4
<u>Tanzania</u>	7.0	7.0	6.9
<u>Rwanda</u>	7.0	6.9	6.3
<u>Cambodia</u>	7.1	6.9	7.0
<u>China</u>	7.3	6.9	6.5
<u>Vietnam</u>	6.0	6.7	6.3
<u>St. Kitts and Nevis</u>	6.1	6.6	4.7
<u>Djibouti</u>	6.0	6.5	6.5
<u>Turkmenistan</u>	10.3	6.5	4.3
<u>Senegal</u>	4.3	6.5	6.6
<u>Bangladesh</u>	6.3	6.4	6.6
<u>Mozambique</u>	7.4	6.3	6.0
<u>Mali</u>	7.5	6.1	5.0
<u>Cameroon</u>	5.9	5.9	4.9
<u>Philippines</u>	6.1	5.8	6.0
<u>Panama</u>	6.1	5.8	6.1
<u>Kenya</u>	5.3	5.6	6.0
<u>Malta</u>	4.1	5.4	3.5

GDP AT PPP RANKINGS

PPP rank	2014		2030		2050	
	Country	GDP at PPP (2014 US\$bn)	Country	Projected GDP at PPP (2014 US\$bn)	Country	Projected GDP at PPP (2014 US\$bn)
1	China	17,632	China	36,112	China	61,079
2	United States	17,416	United States	25,451	India	42,205
3	India	7,277	India	17,138	United States	41,384
4	Japan	4,788	Japan	6,006	Indonesia	12,210
5	Germany	3,621	Indonesia	5,486	Brazil	9,164
6	Russia	3,559	Brazil	4,996	Mexico	8,014
7	Brazil	3,073	Russia	4,854	Japan	7,914
8	France	2,587	Germany	4,590	Russia	7,575
9	Indonesia	2,554	Mexico	3,985	Nigeria	7,345
10	United Kingdom	2,435	United Kingdom	3,586	Germany	6,338
11	Mexico	2,143	France	3,418	United Kingdom	5,744
12	Italy	2,066	Saudi Arabia	3,212	Saudi Arabia	5,488
13	South Korea	1,790	South Korea	2,818	France	5,207
14	Saudi Arabia	1,652	Turkey	2,714	Turkey	5,102
15	Canada	1,579	Italy	2,591	Pakistan	4,253
16	Spain	1,534	Nigeria	2,566	Egypt	4,239
17	Turkey	1,512	Canada	2,219	South Korea	4,142
18	Iran	1,284	Spain	2,175	Italy	3,617
19	Australia	1,100	Iran	1,914	Canada	3,583
20	Nigeria	1,058	Egypt	1,854	Philippines	3,516
21	Thailand	990	Thailand	1,847	Thailand	3,510
22	Egypt	945	Pakistan	1,832	Vietnam	3,430
23	Poland	941	Australia	1,707	Bangladesh	3,367
24	Argentina	927	Malaysia	1,554	Malaysia	3,327
25	Pakistan	884	Poland	1,515	Iran	3,224
26	Netherlands	798	Philippines	1,508	Spain	3,099
27	Malaysia	747	Argentina	1,362	South Africa	3,026
28	Philippines	695	Vietnam	1,313	Australia	2,903
29	South Africa	683	Bangladesh	1,291	Colombia	2,785
30	Colombia	642	Colombia	1,255	Argentina	2,455
31	Bangladesh	536	South Africa	1,249	Poland	2,422
32	Vietnam	509	Netherlands	1,066	Netherlands	1,581

Source: IMF WEO database (October 2014) for 2014 estimates, PwC projections for 2030 and 2050

FOREIGN EXCHANGE RESERVES

Rank	Country	Foreign exchange reserves (Millions of US\$)	Figures as of
1	 China ^[6]	3,305,445	March 2016 ^[1]
2	 Japan	1,262,509	April 2016 ^[2]
—	 Eurozone	761,679	February 2016 ^[3]
3	 Switzerland	649,190	March 2016 ^[4]
4	 Saudi Arabia	555,000	July 2016 ^{[5][6]}
5	 Republic of China (Taiwan)	425,978	January 2016 ^{[5][7][8]}
6	 Russia	398,200	19 August 2016 ^{[9][10][10][10][11][12][13][14][15]}
7	 South Korea	377,770	September 2016 ^{[16][17]}
8	 India	371,990	7 October 2016 ^{[7][18]}
—	 Hong Kong, China	362,900	July 2016 ^[19]
9	 Brazil	362,200	April 2016 ^[20]
10	 Singapore	252,282	August 2016 ^{[5][21]}

Rank	Country	Foreign exchange reserves (Millions of US\$)	Figures as of
11	 Germany	200,394	April 2016 ^[22]
12	 Thailand	182,668	August 2016 ^[23]
13	 Mexico	179,708	March 2016 ^[24]
14	 United Kingdom	164,003	March 2016 ^[25]
15	 Algeria	155,700	31 December 2015 ^[5]
16	 France	153,890	March 2016 ^[26]
17	 Italy	143,183	March 2016 ^[27]
18	 Iran	125,900	December 2015 ^[28]
19	 United States	121,269	April 2016 ^[29]
20	 Turkey	112,769	March 2016 ^[30]
21	 Indonesia	107,542	March 2016 ^[31]
22	 Poland	100,530	March 2016 ^[32]
23	 Malaysia	95,631	February 2016 ^[33]

WORLD MERCHANDISE IMPORTS BY REGION AND SELECTED ECONOMY, 1948, 1953, 1963, 1973, 1983, 1993, 2003, 2014

	1948	1953	1963	1973	1983	1993	2003	2014
	Value							
World	62	85	164	594	1883	3805	7696	18641
	Share							
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North America	18.5	20.5	16.1	17.2	18.5	21.3	22.4	17.7
United States	13.0	13.9	11.4	12.3	14.3	15.9	16.9	12.9
Canada	4.4	5.5	3.9	4.2	3.4	3.7	3.2	2.5
Mexico	1.0	0.9	0.8	0.6	0.7	1.8	2.3	2.2
South and Central America	10.4	8.3	6.0	4.4	3.9	3.3	2.5	4.0
Brazil	1.8	1.6	0.9	1.2	0.9	0.7	0.7	1.3
Chile	0.4	0.4	0.4	0.2	0.2	0.3	0.3	0.4
Europe	45.3	43.7	52.0	53.3	44.1	44.5	45.0	36.4
Germany ^a	2.2	4.5	8.0	9.2	8.1	9.0	7.9	6.5
United Kingdom	13.4	11.0	8.5	6.5	5.3	5.5	5.2	3.7
France	5.5	4.9	5.3	6.4	5.6	5.7	5.2	3.6
Netherlands	3.4	3.3	4.4	4.8	3.3	3.3	3.4	3.2

^a Figures refer to the Fed. Rep. of Germany from 1948 through 1983.

^b Figures are significantly affected by including the mutual trade flows of the Baltic States and the CIS between 1993 and 2003.

^c Beginning with 1998, figures refer to South Africa only and no longer to the Southern African Customs Union.

^d Figures refer to the EEC(6) in 1963, EC(9) in 1973, EC(10) in 1983, EU(12) in 1993, EU(25) in 2003 and EU(28) in 2014.

^e Membership as of the year stated.

Note: Between 1973 and 1983 and between 1993 and 2003 export shares were significantly influenced by oil price developments.

WORLD MERCHANDISE IMPORTS BY REGION AND SELECTED ECONOMY, 1948, 1953, 1963, 1973, 1983, 1993, 2003, 2014 (Cont.)

	1948	1953	1963	1973	1983	1993	2003	2014
	Value							
World	62	85	164	594	1883	3805	7696	18641
	Share							
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Commonwealth of Independent States (CIS) ^b	-	-	-	-	-	1.2	1.7	2.7
Africa	8.1	7.0	5.2	3.9	4.6	2.6	2.2	3.4
South Africa ^c	2.5	1.5	1.1	0.9	0.8	0.5	0.5	0.7
Middle East	1.8	2.1	2.3	2.7	6.2	3.3	2.8	4.2
Asia	13.9	15.1	14.1	14.9	18.5	23.5	23.5	31.5
China	0.6	1.6	0.9	0.9	1.1	2.7	5.4	10.5
Japan	1.1	2.8	4.1	6.5	6.7	6.4	5.0	4.4
India	2.3	1.4	1.5	0.5	0.7	0.6	0.9	2.5
Australia and New Zealand	2.9	2.3	2.2	1.6	1.4	1.5	1.4	1.5
Six East Asian traders	3.5	3.7	3.2	3.9	6.1	10.2	8.6	9.4
Memorandum item:								
EU ^d	-	-	25.5	37.1	31.4	36.2	41.3	32.9
USSR, Former	1.9	3.3	4.3	3.6	4.3	-	-	-
GATT/WTO Members ^e	58.6	66.9	75.3	85.5	79.7	89.3	96.0	97.7

^a Figures refer to the Fed. Rep. of Germany from 1948 through 1983.

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^e Membership as of the year stated.

Note: Between 1973 and 1983 and between 1993 and 2003 export shares were significantly influenced by oil price developments.

LEADING EXPORTERS AND IMPORTERS IN WORLD MERCHANDISE TRADE, 2014

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
1	China	2342	12.3	6	1	United States	2413	12.6	4
2	United States	1621	8.5	3	2	China	1959	10.3	0
3	Germany	1508	7.9	4	3	Germany	1216	6.4	2
4	Japan	684	3.6	-4	4	Japan	822	4.3	-1
5	Netherlands	672	3.5	0	5	United Kingdom	684	3.6	4
6	France	583	3.1	0	6	France	678	3.5	-1
7	Korea, Republic of	573	3.0	2	7	Hong Kong, China	601	3.1	-3
						retained imports	151	0.8	6
8	Italy	529	2.8	2	8	Netherlands	588	3.1	0
9	Hong Kong, China	524	2.8	-2	9	Korea, Republic of	526	2.8	2
	domestic exports	16	0.1	-20					
	re-exports	508	2.7	-1					
10	United Kingdom	506	2.7	-7	10	Canada ^a	475	2.5	0
11	Russian Federation	498	2.6	-5	11	Italy	472	2.5	-2
12	Canada	475	2.5	4	12	India	463	2.4	-1
13	Belgium	471	2.5	1	13	Belgium	452	2.4	0
14	Singapore	410	2.2	0	14	Mexico	412	2.2	5
	domestic exports	216	1.1	-1					
	re-exports	194	1.0	1					
15	Mexico	398	2.1	5	15	Singapore	366	1.9	-2
						retained imports	173	0.9	-5
16	United Arab Emirates ^b	360	1.9	-5	16	Spain	358	1.9	5
17	Saudi Arabia, Kingdom of	354	1.9	-6	17	Russian Federation ^a	308	1.6	-10
18	Spain	325	1.7	2	18	Switzerland	276	1.4	-14
19	India	322	1.7	2	19	Chinese Taipei	274	1.4	2
20	Chinese Taipei	314	1.7	3	20	United Arab Emirates ^b	262	1.4	4
21	Switzerland	311	1.6	-13	21	Turkey	242	1.3	-4
22	Australia	241	1.3	-5	22	Brazil	239	1.3	-5
23	Malaysia	234	1.2	3	23	Australia	237	1.2	-2
24	Thailand	228	1.2	0	24	Thailand	228	1.2	-9

^a Imports are valued f.o.b.

^b Secretariat estimates.

^c Includes significant re-exports or imports for re-export.

Note : For annual data 2004-2014, see Appendix A6 and A7

LEADING EXPORTERS AND IMPORTERS IN WORLD MERCHANDISE TRADE, 2014

Rank	Exporters	Value	Share	Annual percentage change	Rank	Importers	Value	Share	Annual percentage change
24	Thailand	228	1.2	0	24	Thailand	228	1.2	-9
25	Brazil	225	1.2	-7	25	Poland	220	1.2	6
26	Poland	217	1.1	6	26	Malaysia	209	1.1	1
27	Austria	178	0.9	2	27	Austria	182	1.0	-1
28	Indonesia	176	0.9	-3	28	Indonesia	178	0.9	-5
29	Czech Republic	174	0.9	7	29	Saudi Arabia, Kingdom of	163	0.9	-3
30	Sweden	164	0.9	-2	30	Sweden	163	0.9	1
31	Turkey	158	0.8	4	31	Czech Republic	152	0.8	6
32	Viet Nam	150	0.8	14	32	Viet Nam	149	0.8	13
33	Norway	144	0.8	-7	33	South Africa	122	0.6	-3
34	Qatar	132	0.7	-4	34	Hungary	105	0.5	5
35	Ireland	118	0.6	3	35	Denmark	99	0.5	3
36	Denmark	111	0.6	1	36	Norway	89	0.5	-1
37	Hungary	111	0.6	3	37	Slovak Republic	82	0.4	1
38	Kuwait, the State of	104	0.5	-9	38	Portugal	78	0.4	3
39	Nigeria ^b	97	0.5	-7	39	Romania	78	0.4	6
40	South Africa	91	0.5	-5	40	Finland	77	0.4	-1
41	Iran ^b	89	0.5	8	41	Israel	75	0.4	1
42	Slovak Republic	87	0.5	1	42	Chile	72	0.4	-9
43	Iraq	85	0.4	-6	43	Ireland	71	0.4	8
44	Venezuela, Bolivarian Rep. of ^b	80	0.4	-10	44	Philippines	68	0.4	4
45	Kazakhstan	78	0.4	-8	45	Egypt	67	0.4	16
46	Chile	76	0.4	-1	46	Argentina	65	0.3	-11
47	Finland	74	0.4	0	47	Colombia	64	0.3	8
48	Argentina	72	0.4	-12	48	Greece	63	0.3	2
49	Romania	70	0.4	6	49	Nigeria ^b	60	0.3	7
50	Israel	68	0.4	2	50	Iraq ^b	59	0.3	-3
Total of above ^c		17608	92.7	-	Total of above ^c		17361	90.9	-
World ^c		19002	100.0	0	World ^c		19091	100.0	0

^a Imports are valued f.o.b.

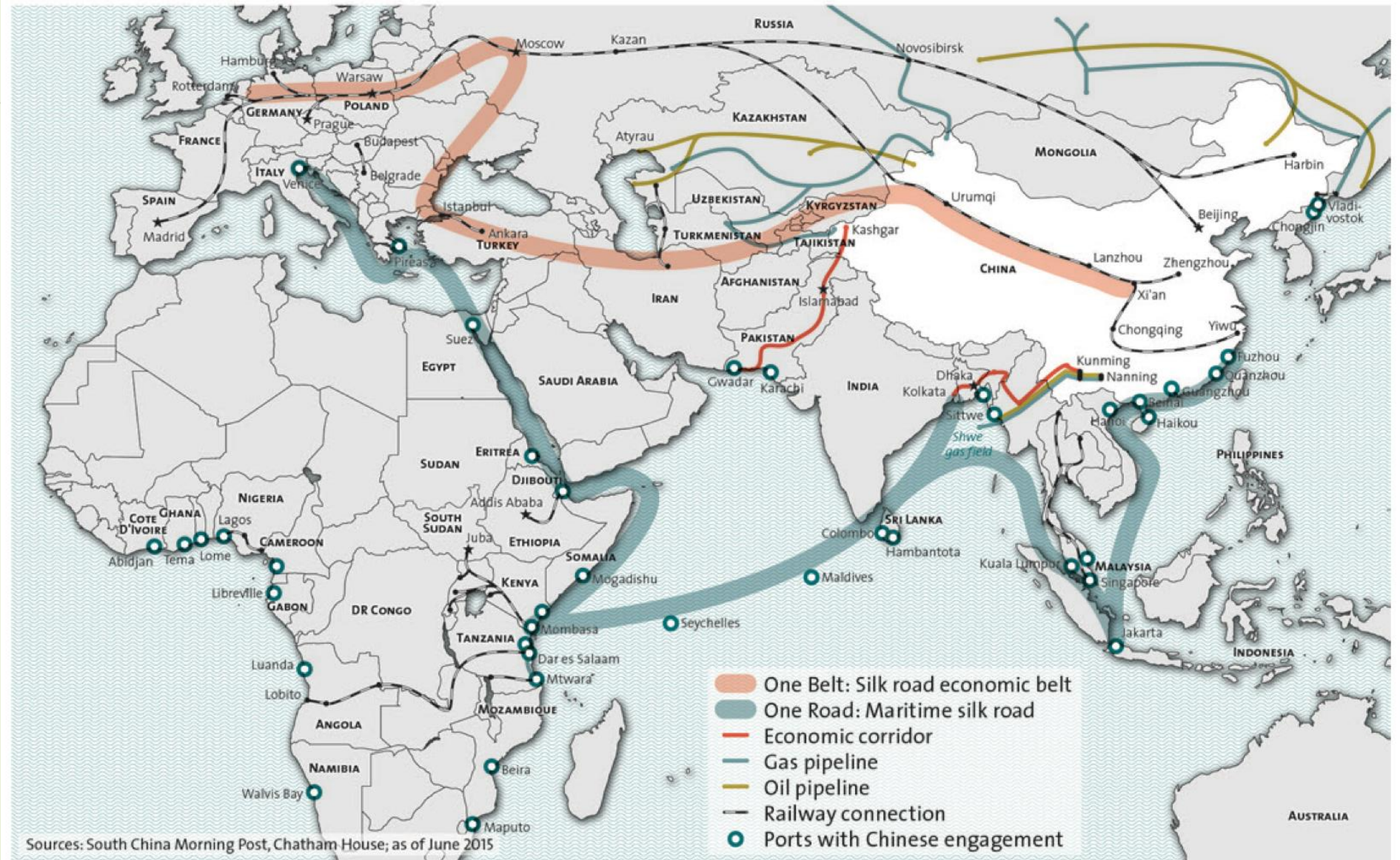
^b Secretariat estimates.

^c Includes significant re-exports or imports for re-export.

Note : For annual data 2004-2014, see Appendix A6 and A7

POWER POLITICS IN [EUR]ASIA

One Belt, One Road



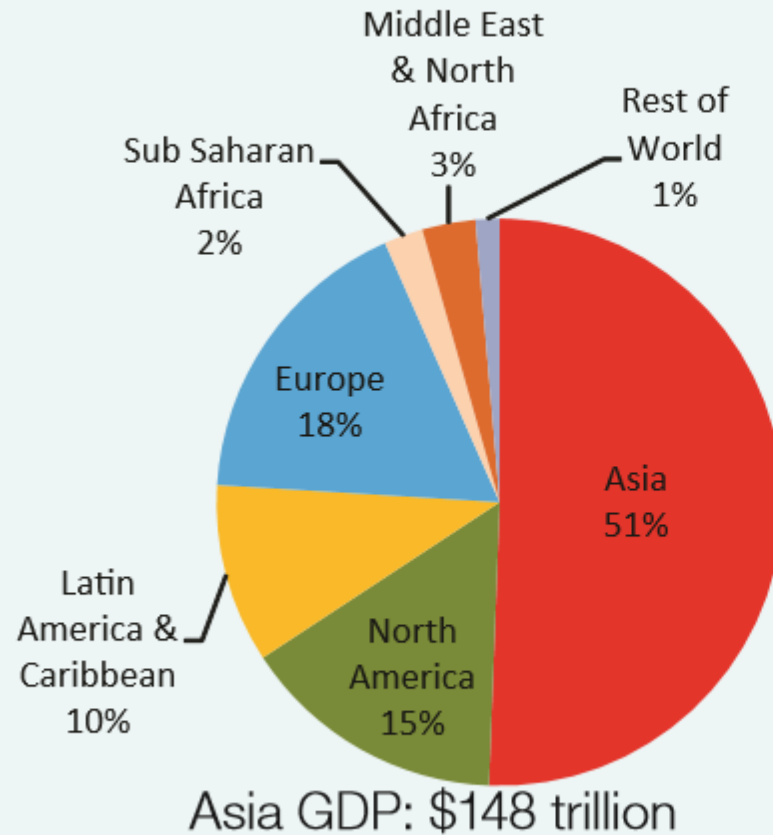
ASIA'S URBAN POPULATION WILL NEARLY DOUBLE BY 2050

Asian Urbanization	2010	2050
Total Urban Population (millions)	1,649	3,247
Northeast Asia	805	1,284
South Asia	496	1,261
Southeast Asia	252	520
Central Asia	96	182
Urbanization (%)	41%	64%
Northeast Asia	50%	74%
South Asia	30%	55%
Southeast Asia	42%	65%
Central Asia	52%	67%

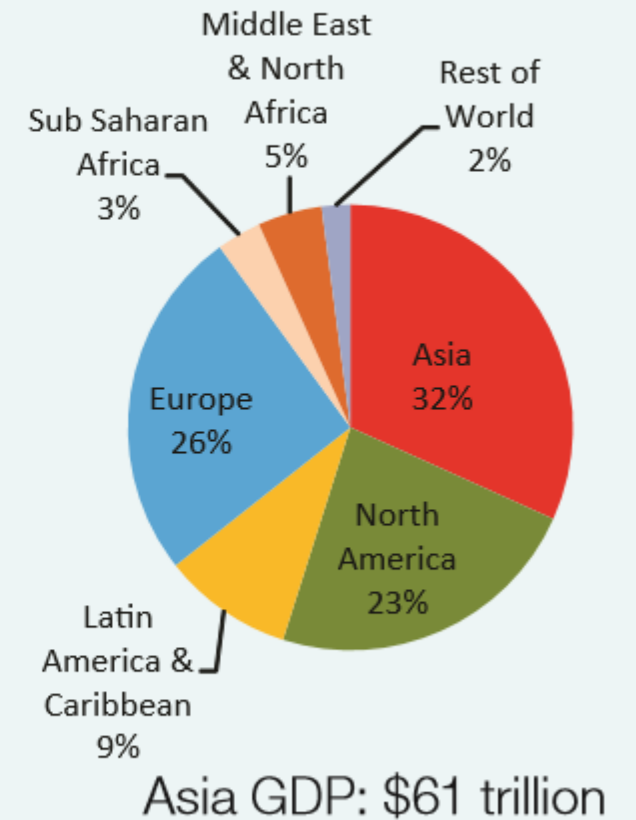
Source: UN World Urbanization Prospects, 2007 Revision.

ASIAN CENTURY VS. MIDDLE INCOME TRAP

Asian Century Scenario

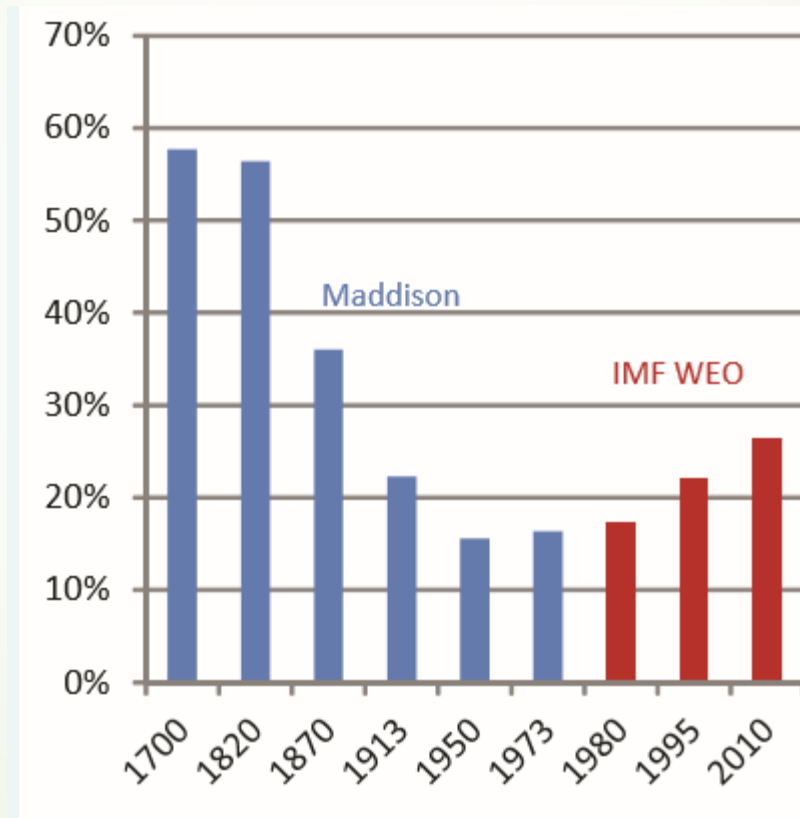


Middle Income Trap Scenario



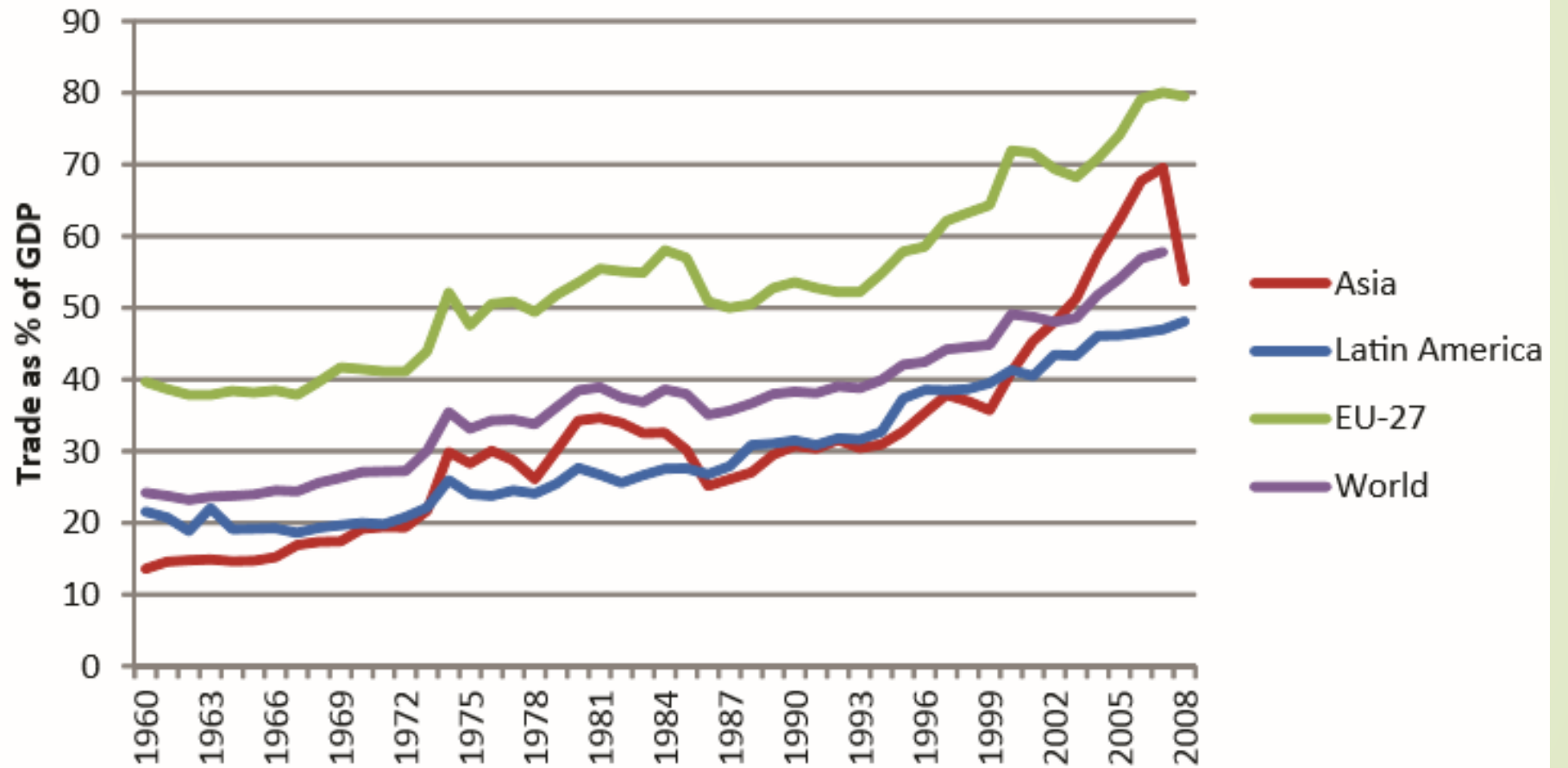
Source: Centennial Group projections.

ASIA'S SHARE OF GLOBAL GDP HAS BOTTOMED



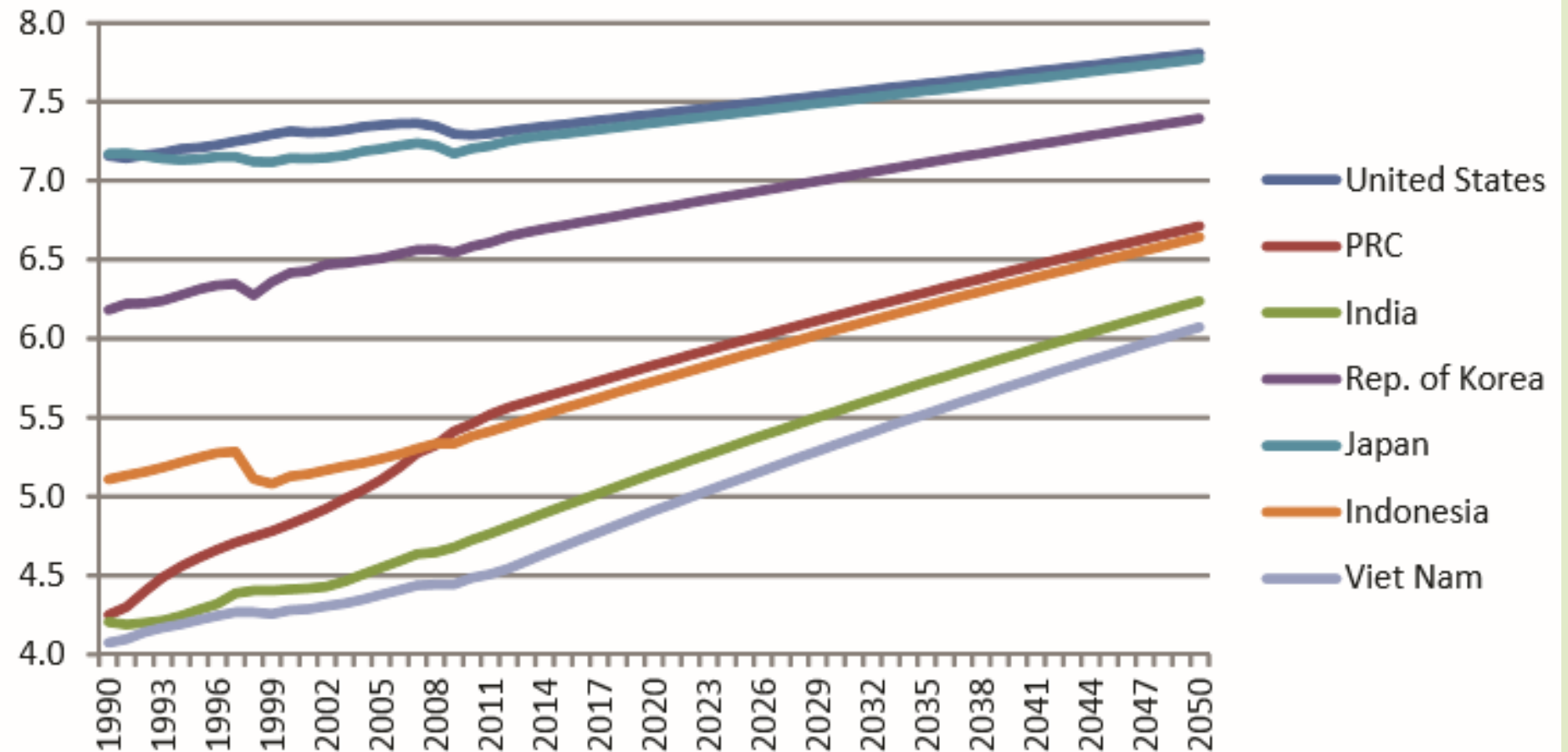
Source: Maddison, Angus: Contours of the World Economy; IMF World Economic Outlook, October 2010. Data for 1750-1790 is in PPP and data for 1991-2010 is in market prices.

TRADE IS INCREASING IN RELEVANCE



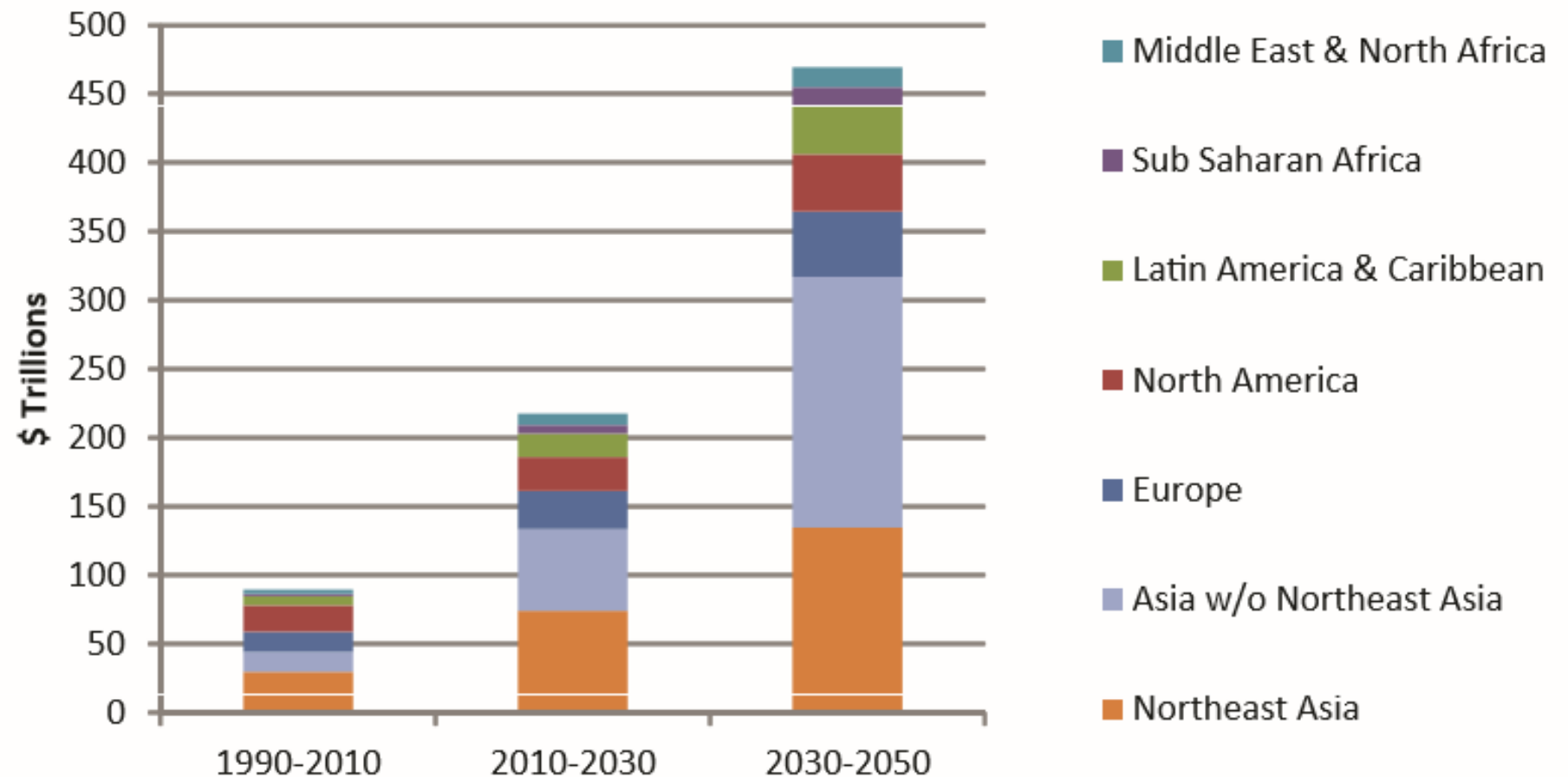
Source: IMF Direction of Trade, 2011.

ASIAN TOTAL FACTOR PRODUCTIVITY (1990-2050) IS CONVERGING WITH BEST PRACTICE



Source: Centennial Group projections, 2011.

ASIA WILL ACCOUNT FOR 70 PERCENT OF THE WORLD'S ADDED CAPITAL STOCK BETWEEN 2030 AND 2050



Source: Centennial Group projections, 2011.

THE ASIAN MIDDLE CLASS WILL GROW SHARPLY OVER THE NEXT 40 YEARS

	2030			2050		
	Middle Class Population	Upper Class Population	GDP per capita (PPP)	Middle Class Population	Upper Class Population	GDP per capita (PPP)
PRC	1,120	40	21,100	1,240	190	47,800
India	1,190	15	13,200	1,400	210	41,700
Indonesia	220	5	13,500	250	40	37,400
Japan	100	20	48,900	60	40	66,700
Republic of Korea	30	20	60,200	10	35	107,600
Viet Nam	80	2	11,900	100	15	33,800
World	4,990	580	19,400	5,900	1,500	36,600
US	185	190	65,500	120	290	98,600
Germany	50	30	51,300	25	50	77,800

Source: Centennial Group projections, 2011.

THE ENGINES OF THE ASIAN CENTURY ARE THE ASIA-7 ECONOMIES

Asia's march to prosperity will be led by seven economies, two of them already developed and six fast growing middle income converging economies: PRC, India, Indonesia, Japan, Republic of Korea, Thailand and Malaysia.

These seven economies had a combined total population of 3.1 billion (78 percent of total Asia) and GDP of \$14.2 trillion (87 percent of Asia) in 2010. Under the Asian Century scenario, their share of population by 2050 would be 73 percent and their GDP would be 90 percent of Asia. They alone will account for 45 percent of global GDP. Their average per capita income would be \$45,800 (in PPP) compared with \$36,600 for the world as a whole.

Between 2010 and 2050, these seven economies would account for as much as 87 percent of total GDP growth in Asia and of almost

55 percent of global GDP growth. They will thus be the engines of not only Asia's economy but also the global economy.

	2010 GDP (MER trillions)	2050 GDP (MER trillions)
PRC	5.7	62.9
India	1.4	40.4
Indonesia	.7	11.4
Japan	5.4	8.2
Republic of Korea	1.0	3.7
Thailand	.3	3.2
Malaysia	.2	2.6
Total Asia-7	14.8	132.4

Source: IMF World Economic Outlook, October 2010; Centennial Group projections, 2011.

THE ASIAN CENTURY: ASIA WILL ACCOUNT FOR MORE THAN HALF OF GLOBAL OUTPUT IN 2050

	2010	2020	2030	2040	2050
Global output (market exchange rates, US\$ trillions)	62	90	132	195	292
Asian share of global output	27.4%	33.5%	38.9%	44.5%	50.6%
Global growth (prior decade ending in column year)		4.0%	3.9%	3.8%	3.6%
Asia growth		5.8%	5.2%	4.8%	4.4%
Asian share of global growth		55.7%	59.3%	62.8%	66.0%
Global GDP per capita (PPP)	10,700	14,300	19,400	26,600	36,600
Asian GDP per capita (PPP)	6,600	10,600	16,500	25,400	38,600

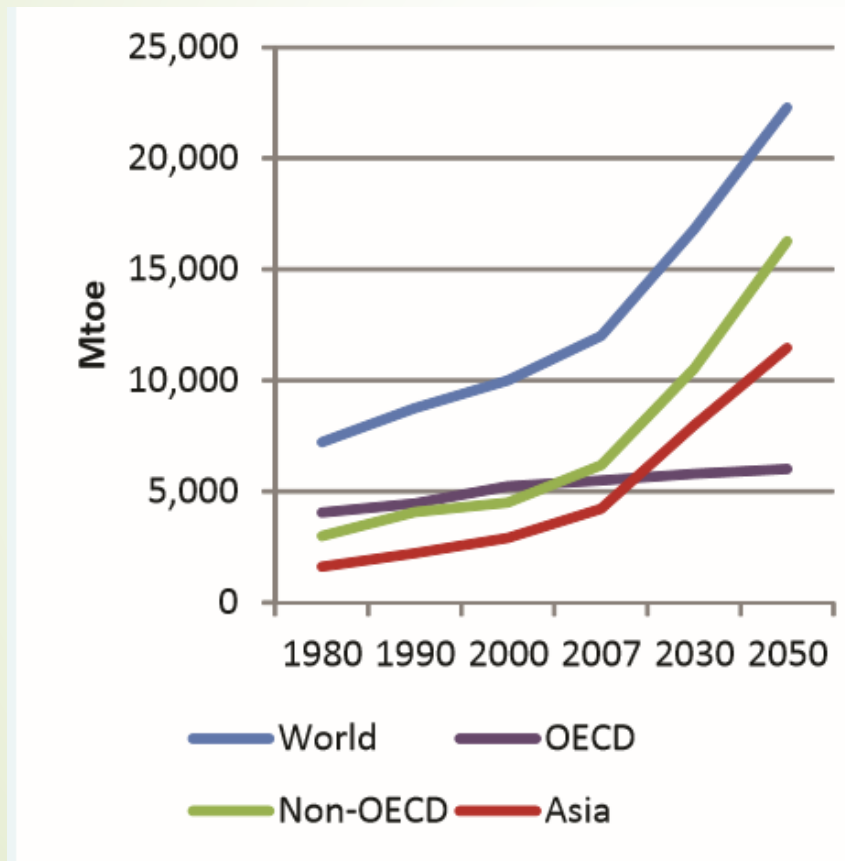
Source: Centennial Group projections, 2011.

INEQUALITY IS INCREASING IN A NUMBER OF ASIAN COUNTRIES

Country	Gini Coefficient				Change (%)
	Initial Year		Final Year		
Thailand	46.2	1992	42	2002	-9%
Malaysia	41.2	1993	40.3	2004	-2%
Mongolia	33.2	1995	32.8	2002	-1%
Indonesia	34.4	1993	34.3	2002	0%
Philippines	42.9	1994	44	2003	3%
Pakistan	30.3	1992	31.2	2004	3%
Viet Nam	34.9	1993	37.1	2004	6%
India	32.9	1993	36.2	2004	10%
PRC	40.7	1993	45.5	2004	12%
Lao PDR	30.4	1992	34.7	2002	14%
Sri Lanka	34.4	1995	40.2	2002	17%
Bangladesh	28.3	1991	34.1	2005	20%
Nepal	37.7	1995	47.3	2003	25%
Cambodia	31.8	1993	40.7	2004	28%

Source: World Bank World Development Indicators, 2011.

ASIA WILL LEAD WORLD ENERGY DEMAND



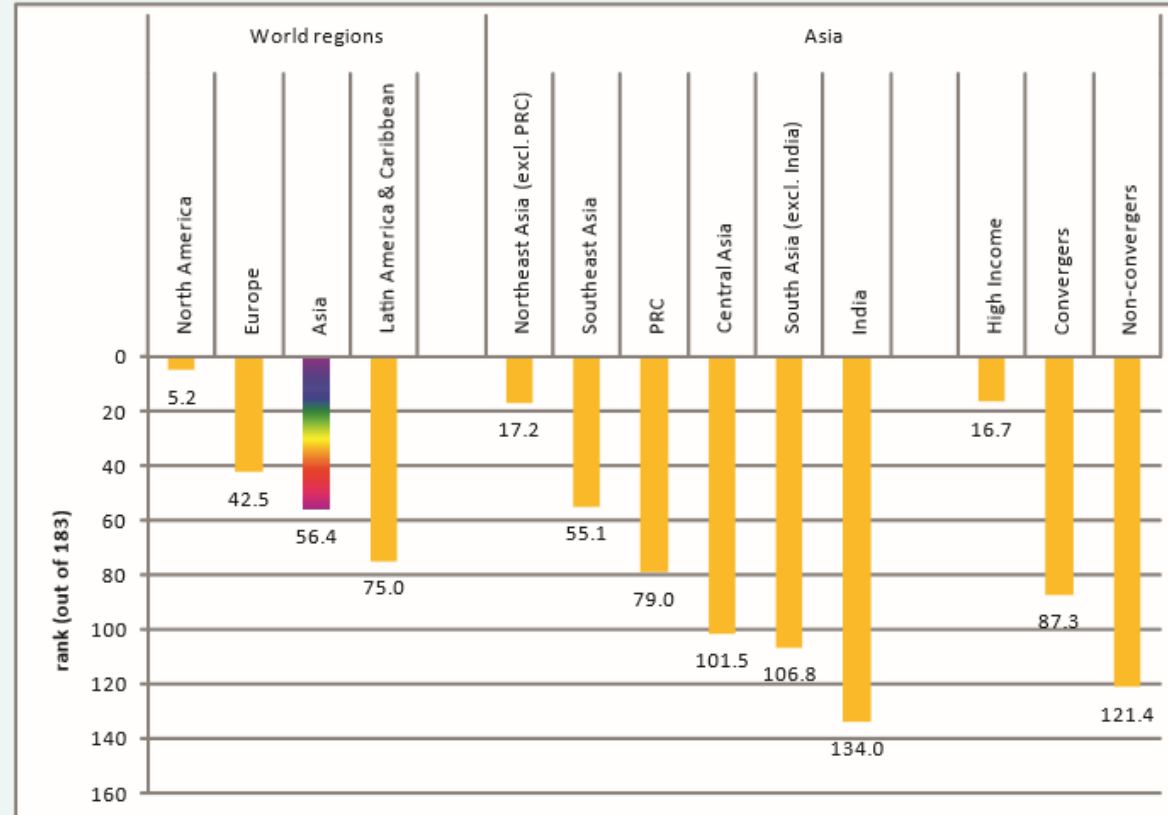
Source: Author's calculations, 2011.

PROJECTION OF ENERGY DEMAND AND SUPPLY IN ASIA

	1980	1990	2000	2007	2030	2050
Asia Energy Demand (Mtoe)	1,625	2,220	2,910	4,242	7,980	11,480
PRC	603	872	1,105	1,970	3,637	5,011
India	207	318	457	622	1,341	2,389
ASEAN	149	243	389	513	903	1,177
Central Asia	95	198	128	159	256	385
Iran		46	120	185	373	565
High Income Asia	557	629	746	896	995	1,112
Asia Energy Supply Mix (%)						
Coal		40	42	47	48	50
Oil		16	17	20	21	20
Gas		9	10	11	12	11
Hydro		3	2	2	2	1
Biomass		26	24	15	10	7
Other (including nuclear)		6	5	5	7	11
Asia electricity consumption (TWh)		2,249	3,057	6,113	17,267	26,181
PRC	259	586	1,081	2,717	7,513	10,630
India	90	197	369	544	1,966	3,440
ASEAN	55	167	321	497	1,383	1,956
Central Asia	63	162	124	152	443	715
Iran	38	58	86	145	332	544
High Income Asia	831	976	1,012	1,128	1,411	1,746
Reference Energy Consumption (Mtoe)						
World	7,228	8,761	10,018	12,013	16,790	22,288
OECD	4,050	4,476	5,249	5,496	5,811	6,011
US	1,802	1,913	2,280	2,337	2,396	2,412
Non-OECD	3,003	4,087	4,507	6,187	10,529	16,277

Source: EIA (2010), IEA (2008), IEA (2009), IEA (2010a), IEA (2010 b), World Bank (2010) and Author's estimates, 2011.

ASIAN COUNTRIES' RANKINGS IN EASE OF DOING BUSINESS VARY BY REGION AND INCOME/CONVERGENCE LEVEL



Source: World Bank Doing Business, 2011.



NORTHEAST ASIA WILL BE THE MOST URBANIZED SUBREGION IN ASIA

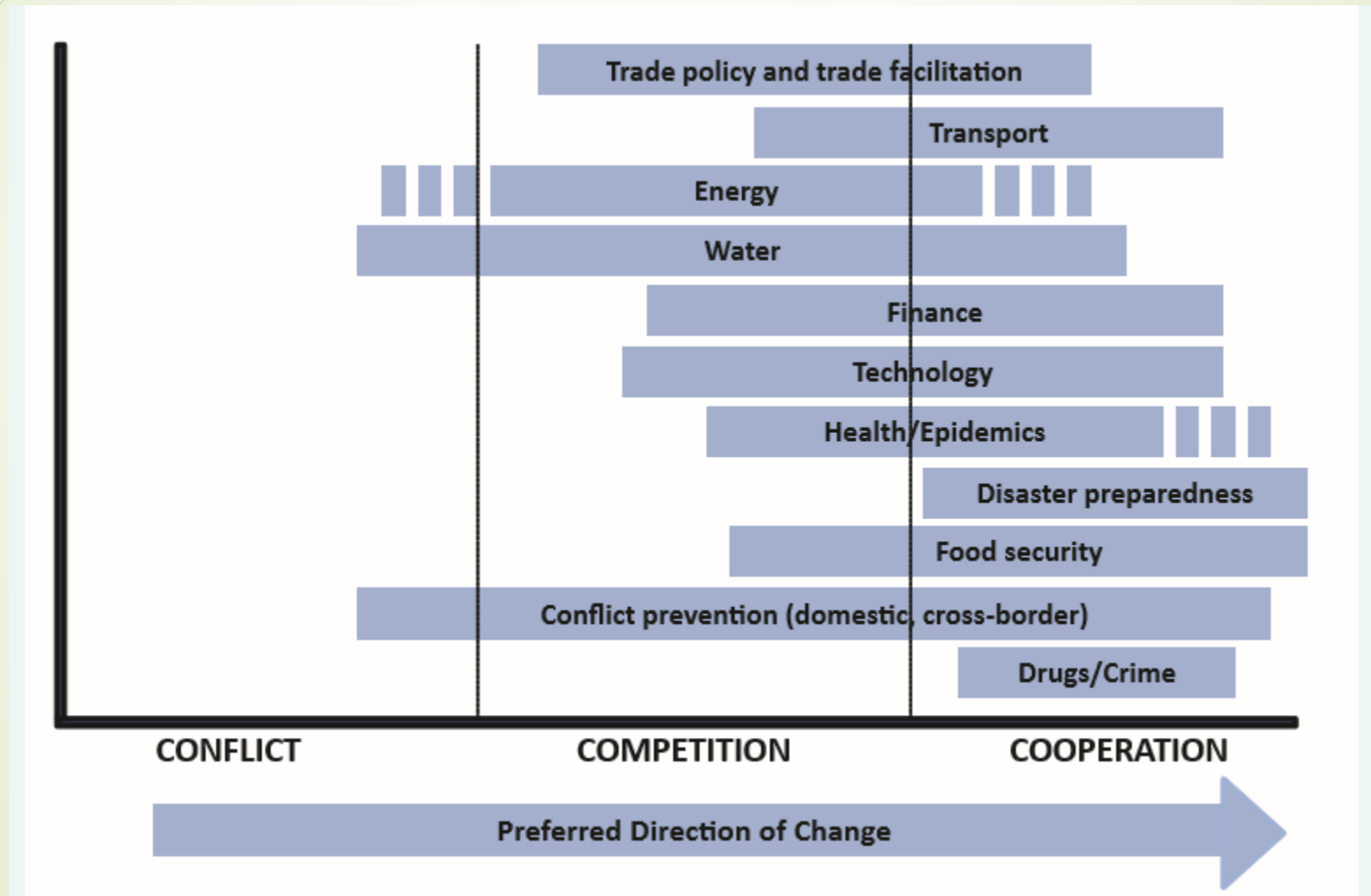
Urbanization Rate	
Northeast Asia	74%
South Asia	55%
Southeast Asia	65%
Central Asia	67%

Source: UN Statistics Division, 2010.

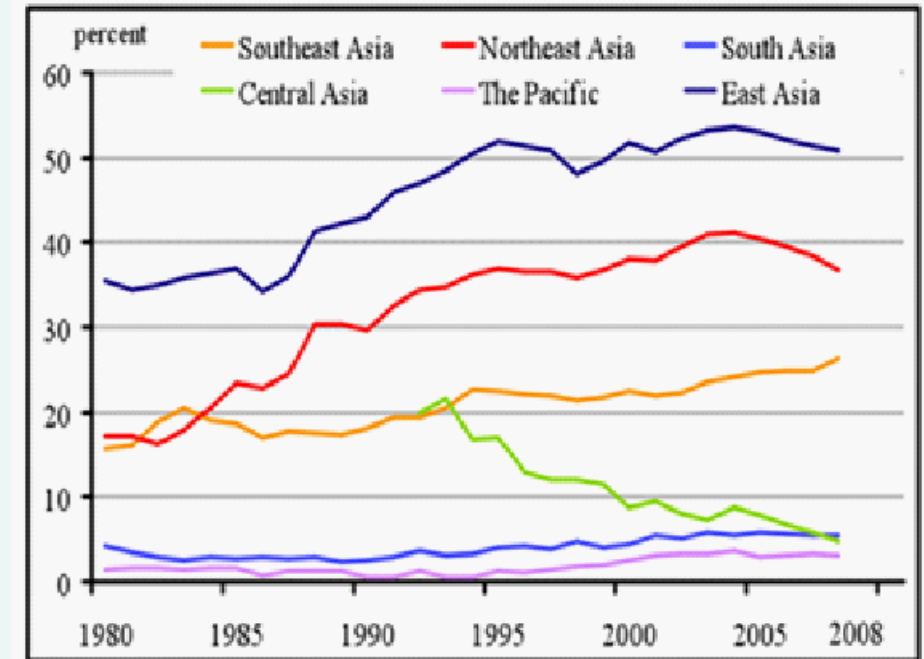
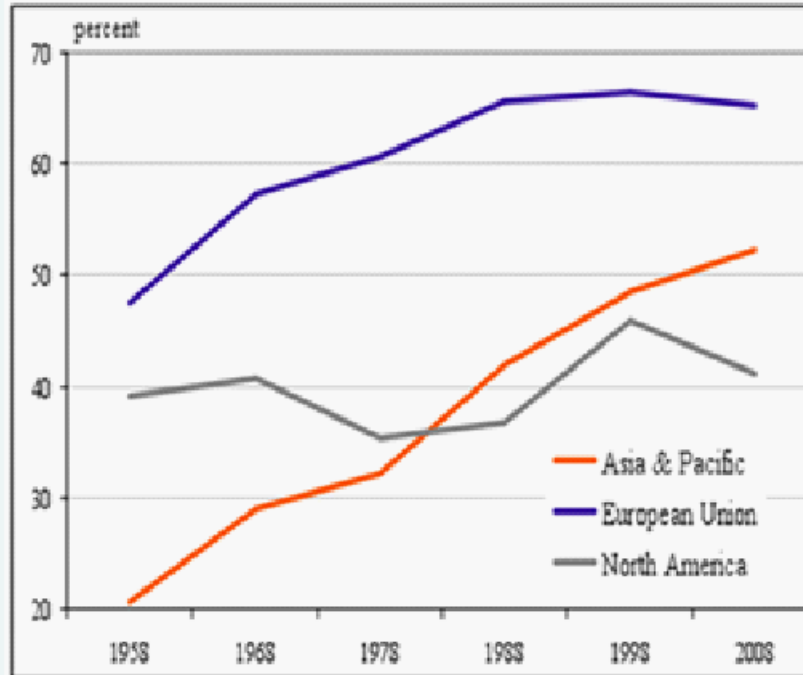
PRESSURES FOR GOVERNANCE AND INSTITUTIONAL TRANSFORMATION-DOMESTIC

	Developments	Priorities	Risks
Demographics	Northeast Asia is ageing, South and Southeast Asia are young	<ul style="list-style-type: none">• Ageing countries should adjust institutions• Young countries should improve public services	<ul style="list-style-type: none">• No precedent in Asia for adjusting institutions in response to ageing• Poor delivery of public services can lead to unrest
Urbanization	Urban population growth will be significant through 2050	<ul style="list-style-type: none">• Governance and institutional reforms should account for the urban population growth• Decentralization policies	<ul style="list-style-type: none">• Urban growth could lead to tensions between national and local governments• Urban-rural income gaps will likely grow further
Expanding Middle Class	Expanding middle class will lead to demands for higher quality of life	<ul style="list-style-type: none">• Government must keep up with growing expectations and demands for governance and institutional reforms	<ul style="list-style-type: none">• Could lead to demands for more voice• The distance between state and citizen will be affected

FROM CONFLICT TO COOPERATION



ASIA HAS EXPERIENCED AN INCREASE IN SHARE OF INTRA-REGIONAL TRADE



Source: World Bank World Development Indicators, 2011.

Note: Figures refer to total trade (exports plus imports). The intra-regional trade share of region i is defined as $IT\ share_i = (X_{ii} + M_{ii}) / (X_i + M_i)$, where X_{ii} = exports of region i to region i ; M_{ii} = imports of region i from region i ; X_i = total exports of region i ; and M_i = total imports of region i .

POPULATION CHANGES IN ASIA'S SUBREGIONS, 2010 VERSUS 2050

