

EXECUTIVE BRIEFINGS ECONOMY AND BUSINESS: NEW MARKETS

*Adit Jain, IMA India
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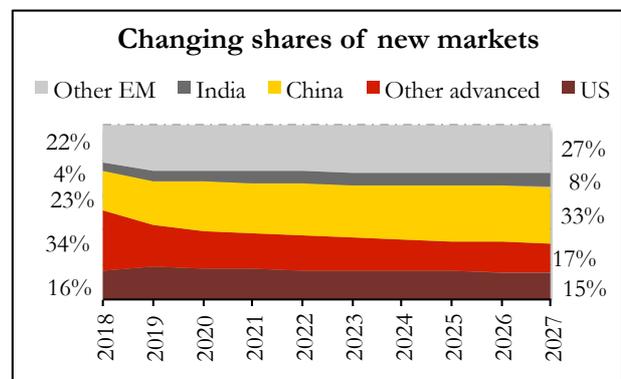
For whom the bell tolls

25 years ago, when I first began to travel to Hong Kong and Singapore to provide briefings at regional headquarters of multinational corporations I realised from the extent of their commitment that this region would soon become core to their activities. This appears to have finally happened. This paper shares some drawings about the rise of emerging markets and their implications based on the growth forecasts produced by the International Monetary Fund (IMF).

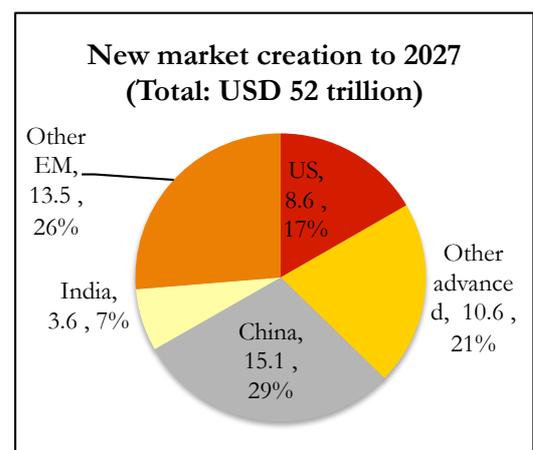
America is currently the world's largest economy valued at USD 19.3 trillion. The next largest, China, produces USD 11.9 trillion worth of output. Based on growth rates, America in 2017 generated new markets aggregating USD 737 billion whilst China produced USD 705 billion. The total rise in global output was estimated to be USD 3.9 trillion. As of now, it would be correct to say that advanced economies generate the greater demand of goods and services every year. However, that is all about to change.

Based on growth forecasts produced by the IMF we expect, over the next 10 years, the global economy to expand by USD 52 trillion, growing from the current USD 79.3 trillion to USD 131.7 trillion. Of this, America's share would be USD 8.6 trillion and China would add another USD 15 trillion. As a matter of interest, India over that period would grow by USD 3.6 trillion, to a USD 6 trillion economy. Emerging markets as a bloc which would add USD 32 trillion to global demand far outpacing growth opportunities within advanced economies (USD 19.2 trillion). It is no wonder therefore that Western multinationals, leaving the comfort of their home markets, search out business opportunities in these economies.

The role of business finally boils down to profitable growth. In the decade ahead growth will begin to taper in Western countries as their populations age and markets begin to saturate. Asia on the other hand has demographic advantages on its side and with a combination of better governance and investment will be able to exploit them. Therefore, it will offer lucrative growth opportunities for global corporations. Within Asia, clearly two markets will stand out. China will be the bigger opportunity but so will India which over the next decade will have the same transformative impact on global supply and demand as China did over the last decade.



Source: IMF World Economic Outlook 2017; IMA analysis. Figure denote percentage contribution of each market to global GDP growth.



Source: IMF World Economic Outlook 2017; IMA analysis. Absolute contribution to world new market in USD trillion; share of total in percentage.